ANNUAL REPORT 2021

خدمات مصرفية رقمية مريحة
تساعدك على تحقيق أهدافك

البنك العربي الاسلامي الدولي
ISLAMIC INTERNATIONAL ARAB BANK

" ثقة ... أمان ... وإستثمار حلال "

بسم الله الرحمن الرحيم

البنك العربي الاسلامي الدولي

ISLAMIC INTERNATIONAL ARAB BANK

(Public Shareholding Limited Company)
Amman – Hashemite Kingdom of Jordan

Tel: 569 4901 Fax: 569 4914
P.O. Box 925802, Amman 11190 - Jordan

Our Vision ...

To be the leading Islamic Banking institution in the Arab world.

Our Mission ...

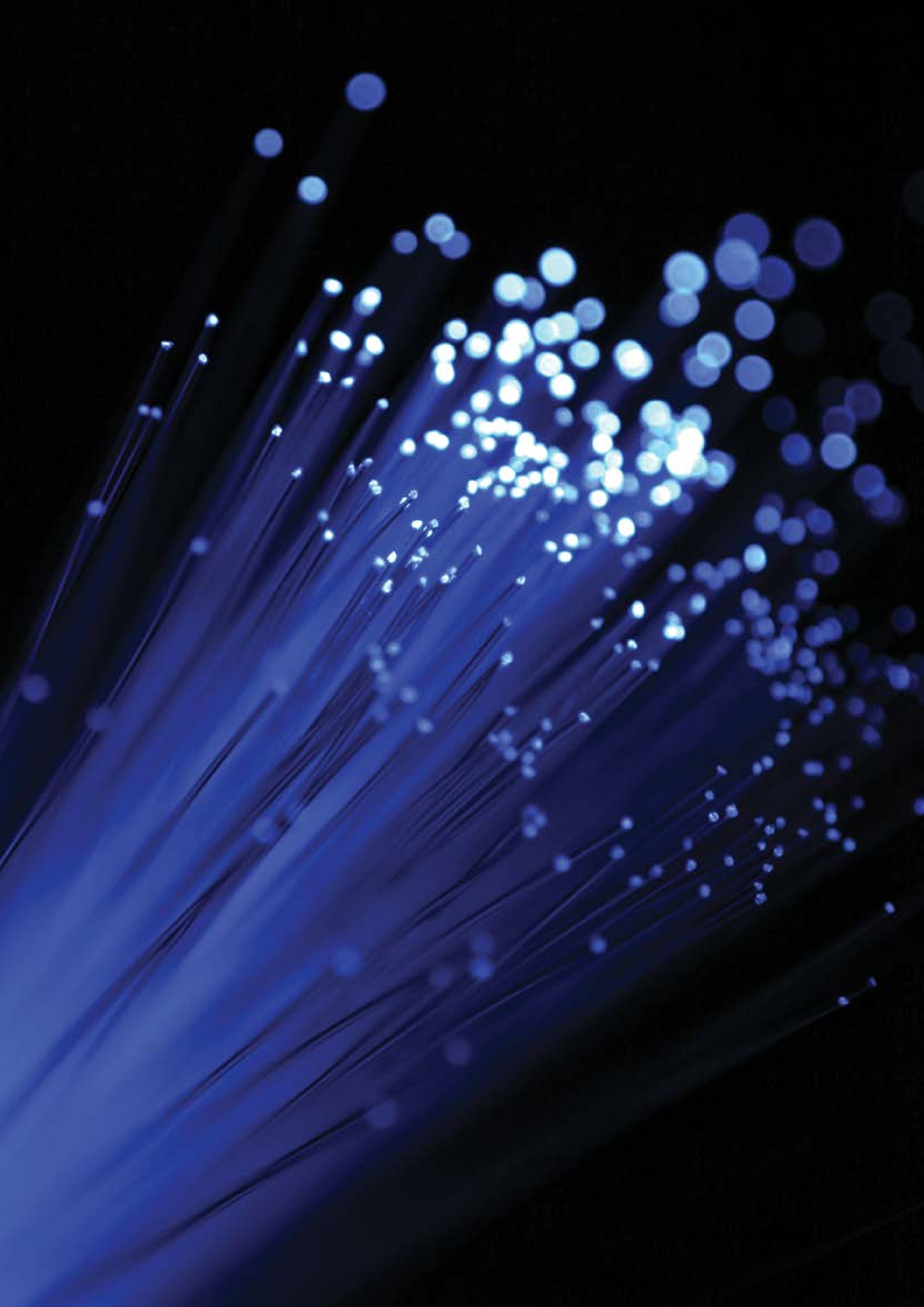
To achieve leadership in our chosen markets in accordance with Islamic Sharia rules as an organization dedicated to deliver highest quality products and the special services to the customer presented through a highly qualified staff in compliance with the best professional and ethical standards within a motivating environment, supported by advanced technologies and efficient distribution channels to achieve high and advanced financial results.

Our Core Values ...

- Honesty and decency with ourselves and others.
- Pursuit of excellence and fulfillment of our promises.
- Adherence to the principles and rules of the Islamic Sharia throughout all our operations.
- Belief that there is always a better means and the challenge lies in discovering it.
- Commitment to Corporate Governance.
- Commitment to social responsibility.

His Majesty King Abdullah II Bin Al Hussein

HRH the Crown Prince
Hussein Bin Abdullah II



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Islamic International Arab Bank
(Public Shareholding Limited Co,)

Based on the conclusive verse differentiating between permitted and prohibited "Allah has permitted trading and forbidden usury" & our belief in the prominent message of Islam in economy being founded on equity and participation, and having the essential banking, commercial, investment and finance efficiency supported by distinguished banking expertise, IIAB commenced its banking operations on Shawwal 12, 1418 AH, February 9, 1998, Today, the Islamic International Arab Bank is one of the leading Islamic banking institutions in Jordan and the region.

The Bank was established as a public shareholding company in accordance with the Companies' ACT of 1989; IIAB was registered in the Public Shareholding Companies' Register under No. 327 on March 30, 1997.

Allah Almighty says in the Holy Qur'an:

"So ask the people of the message if you do not know"

(Surah Al-Anbya' Verse 7, Surah An-Nahl Verse 43)

His Eminence Dr, Ahmad Hlayel
Committee Chairman

Dr, Ahmad Ayade
Committee Executive Member

His Eminence Shaykh Saed Hejawe
Committee Member

Considering the breadth of the field of Islamic Fiqh, and in light of the many developments and changes of the modern economy and its complexity, in addition to the need for a good judgment and deep honest diligence to understand the Fiqh rules to get the Shariah opinion in financial, transactions, and modern banking issues, the necessity of Shariah Supervisory Committee of The Bank emerged based on the Shariah principle: "who works hard and does it right, is rewarded twice and who works hard and does it wrong, is rewarded once".

The Committee performs a significant role in issuing fatwas based on existing Shariah principles or effort that cope with the contemporary need. The committee approves all the contracts and agreements needed by the Bank with other bodies and institutions before they are accredited, sets an array of Shariah-compliant standards to govern the banking operations and offers consultations in issues presented by other relevant bodies.

In the name of Allah,
The All-Merciful, The Ever-Merciful

For the Financial period ending in 31/12/2021

All praise is due to Allah, the Lord of all that exists, and may peace and blessings be upon our Prophet Muhammad and upon his family and his companions in their entirety.

Dear Shareholders,

Greetings,

The Sharia Board committee would like to provide you with its annual report for the financial period ending in 31/12/2021 based on the bank statute and according to the commitment signed between us.

The committee has inspected the used principles and contracts related to transactions proposed by the bank during the financial period ending in 31/12/2021, in addition to conducting the due control for expressing opinion whether the bank is committing to the Islamic Sharia provisions and principles as well as Fatwa and guidelines issued by the committee.

The committee conducted inspection that included checking documentation and procedures followed by the bank based on examining each type of transaction. It also planned and implemented control to obtain all information and explanations considered necessary for providing adequate proofs that provide reasonable confirmation that the banks transaction did not breach the Sharia regulations of Islamic investment tools.

Through meetings; the committee continued setting the necessary basis and terms with the required processing in all aspects and matters needed by the nature of banking transactions in light of the developments appeared through practical application and in compatible with the Sharia regulations, with clarifying some new banking issues and indicating their Sharia status.

The committee revised the bank balance sheet as in 31/12/2021, income statement for the period ending in 31/12/2021 and clarifications of financial statements as they provide comprehensive illustration of bank works and required to be submitted to the concerned sections at the bank; and the committee did not find any Sharia breach within what was reviewed.

The committee reviewed the reports prepared by the Internal Sharia Audit Department for Headquarter and branches transaction in addition to the remarks and suggestions provided and procedures undertaken by the executive administration with this regard.

The responsibility of Sharia Control Committee is represented in expressing independent opinion with indicating Islamic Sharia opinion according to Sharia principles and provisions, while the responsibility of implementation according to such principles and committee fatwa lies upon bank administration. Accordingly, we consider the following:

- Contracts, operations and transactions implemented by the bank during the period ending in 31/12/2021 that we reviewed are done according to the Islamic investment tools and Sharia regulations
- Basis of distributing profits and bearing loss by join investment holders and Investment Risks Fund are compatible with the accredited rules and basis followed by us according the Islamic Sharia provisions
- The committee reviewed section 13 from the revised Banks Law No.28 for the year 2000, which states to cancel section 55 from the original law « which required retaining at least 10% from Realized Net Investment Profit as a loss provision». And reviewed the Central Bank of Jordan circular for keeping the outstanding provision balance to cancel any expected losses in the future.
- The committee reviewed the revised Deposits Insurance Corporation Law which included Islamic banks.
- The revenues achieved from doubted resources of being incompatible with the Sharia regulations of Islamic investments were spent in charity

Hope Allah will guide the persons responsible for the bank towards more success and achievement, thanking them for their cooperation and commitment to the Islamic Sharia provisions.

This report is issued on Tuesday 22Jumada II 1443 H corresponding to 25 January 2022.

Prof. Dr. Ahmad Hlayil	**Prof. Dr. Ahmad Ayadi**	**Sheikh Saeed Al-Hijjawi**
Committee Chairman	**Executive Member**	**Committee Member**

Distinguished Shareholders,

Peace, mercy, and blessing of Allah be upon you, and we pray upon the most honored, envoy of mercy to all, our master prophet Mohammed, and upon his progeny and his companions.

On my behalf and behalf of members of IIAB Board of Directors, I extend my appreciation and gratitude to all members of the Bank's family, including senior executive management and all functional levels, who have done everything in their power to sustain the Bank's business and continue to achieve the desired goals, and to the eminent and virtuous members of the Shariah Supervisory Board for their effective role in following up the bank's business to ensure its compliance with the principles of the Sharia.

The financial results for the year 2021 show achieving net profits of (48.2) million JD before tax, with a growth rate of (8%) compared to 2020. The financing portfolio exceeded (1.704) billion JD, with a growth rate of 8% compared to 2020, and the value of customer deposits is (2.698) billion JD, an increase of 7% compared to 2020, which confirms the success of the bank's executive management in applying best practices in managing both sides of assets, liabilities, and revenue from commissions and banking fees, in light of the strategic directions set by the Board of Directors despite the continued Coronavirus pandemic circumstances.

I am pleased to point out the achieved digital transformation milestones by the bank, which put the bank on the right path towards providing the best customer experience with the highest levels of cybersecurity.

In the end, I hope that through the annual report for the year 2021, we will succeed in presenting the results of the bank's business in accordance with international standards of financial disclosure and all that requires transparency and integrity assuring our sincerity in maintaining the confidence of our customers to keep our promise of safe, trust, and halal profit.

"Mohammed Said" Mohammed Shahin

Chairman

Distinguished Shareholders,

Peace, mercy and blessing of Allah be upon you, and we pray upon the most honored, envoy of mercy to all, our master prophet Mohammed, and upon his progeny and his companions.

On behalf of the Executive management of the Islamic International Arab Bank, I would like to present to you the Annual Report for 2021. On this occasion, I would like to extend my thanks and gratitude to the Bank's Board of Directors and its esteemed general assembly for the high confidence they have entrusted in the team of the Islamic International Arab Bank, and seize this opportunity to thank The Sharia Supervisory Board for their active role in supervising, advising, and their guidance aimed at keeping the essence of the Bank's work in compliance with the rules and principles of Islamic Sharia

Resilience financial performance

The financial results for 2021 show achieving profit before tax of (48.2) million JD, and profit after tax of (33.7) million with a growth rate of 11% compared to 2020, the financing portfolio exceeded (1.704) billion JD, with a growth rate of 8% compared to 2020, and the value of deposits reached customers, including restricted deposits and cash margins, a value of (2.698) billion JD, an increase of 7% compared to 2020, this reflects the bank's superiority in achieving the board of directors strategic plan and in desired goals.

Development of banking channels and digital transformation

IIAB provides its services through 45 branches covering all governorates of the Kingdom .The ATM network continued to expand during 2021 to reach 111 ATMs in all governorates, and introducing newly launched services such as online banknote acceptance.

Digital Transformation strategy continues to achieve its targets, which improved customers' journey, including launching the revamped Arabi Islami Mobile App, in-branch instant debit card issuance, new account opening methodology, and many infrastructure projects to enable launching of state of the art digital services.

Talent management and human capital

IIAB's investment in its individuals aims mainly to enhance commitment to the bank's values and prudent banking practices to provide services with the highest level of professionalism to its customers in a manner that achieves goals. (593) employees participated in (96) internal and external training courses.

Active CSR

Active Corporate Social Responsibility is an integral part of the bank's business, and this responsibility is reflected on all the bank's products and services to the benefit of both the economy and individuals through enhancing the economic added value and increase personal savings. IIAB applies responsible finance roles to protect its customers' rights and their capacity to meet their families' needs and their responsibility towards society.

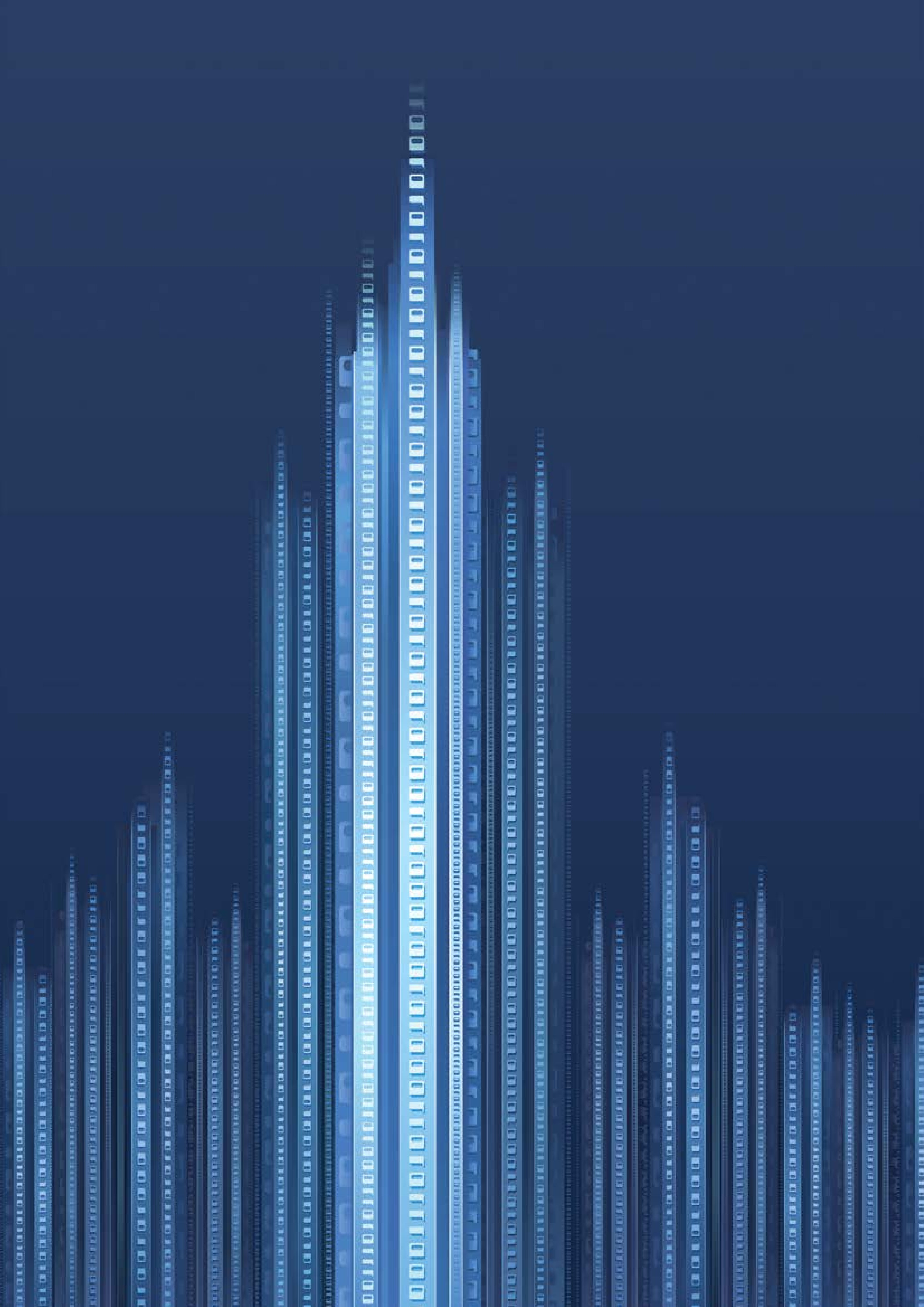
Towards the future

Finally, I cannot but thank you again for your generosity, hoping that we will succeed in this annual report for 2021 to present the results of IIAB's business in line with international standards for financial disclosures with all the required transparency and honesty, assuring our sincerity in maintaining the confidence of our customers to keep our promise of safe, trust, and halal profit.

Allah grants us success.

Peace and mercy of Allah be upon you.

Iyad Asali
General Manager



Board of Directors

Chairman

- **"Mohamed Saed" Mohamed Shaheen**

Vice Chairman

- **Mr. Mohamed Ghanameh**

Board Members

- **Mr. Naim Al-Hussaini**
- **Mr. Basil Mousa**
- **Mr. Ziad Homsi**

Secretary of the Board of Directors

- **Dr. Mohsen Abu Awad**

Auditors

- **Ernst and Young** - Jordan

- **Mr. Iyad Asali**
  General Manager

- **Dr. Mohsen Abu Awad**
  Chief Business and Investment Officer
- **Dr. Nayef Abu Dhaim**
  Chief Support and Operations Officer
- **Mr. Ishak Khaleel Khandeek**
  Chief Credit Officer since 14/9/2021
- **Mr. Yousif Al-Badri**
  Chief Credit Officer tell 14/9/2021
- **Mr. Abbas Marei**
  Chief Finance Officer
- **Mr. Abdul-karim Al-Sukari**
  Head of Risk Division
- **Mr. Akef Hamam**
  Head of Human Resources Division
- **Lawyer "Hussam Al-deen" Salah**
  Legal Consultant/ Head of Legal Department
- **Mr. Hamdi Al Mahmoud**
  Head of Audit division
- **Mr. "Mohammed Bashar" Al-Sarraj**
  Head of Regulatory Compliance Dept.
- **Dr. Omar Al Shareef**
  Internal Sharia Audit Manager/ Sharia Board Secretary

Auditor's Report and Financial Statements For the Period Ending on 31/12/2021

Building a better working world

Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Islamic International Arab Bank
Public Shareholding Limited Company
Amman - Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Islamic International Arab Bank (Public Shareholding Limited Company) (the "Bank"), which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of other comprehensive income, statement of changes in equity, statement of cash flows, and statement of sources and uses of Al-Qard Al-Hasan fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Basis for Opinion

We conducted our audit in accordance with Auditing Standards as issued by the International Standards on Auditing (ISA). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Building a better working world

Expected credit losses	
The process of estimating expected credit losses of customers' receivables and other receivables and Al-Qard Al-Hasan accordance with the Islamic Financial Accounting Standard No. (30) is important, complex and requires judgment and diligence. Islamic Financial Accounting Standard No. (30) requires the use of the expected credit losses model. This requires the Bank's management to use several assumptions and estimates to determine the timing and value of expected credit losses as well as applying judgment to determine the inputs to the impairment measurement process including assessing collateral and determining the date of default. Due to the importance of the governance applied in Islamic Financial Accounting Standard No. (30) and credit exposures that form a major part of the Bank's assets, the expected credit losses are considered a key audit matter. Deferred sales receivables and other receivables, and Al-Qard Al-Hasan as of 31 December 2021 amounted to JD 1,074,491,386 and the provisions balance amounted to JD 31,071,582.	Our audit procedures included an understanding of the Bank's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes. As part of the control testing procedures, we assessed whether the key controls in the above processes were designed, implemented and operated effectively, as well as procedures for assessing the following: - The Bank's policy regarding the provision for expected credit losses in accordance with the Islamic Financial Accounting Standard No. 30. - Studying and understanding the expected credit loss model used in calculating provisions and its compatibility with the requirements of Islamic Financial Accounting Standard No. (30) and the relevant regulatory guidelines and directives. - Key assumptions and judgments related to the significant increase in credit risk, the definition of default, and the use of macroeconomic variables to verify that the ECL amounts recorded reflect the underlying credit quality and macroeconomic trends. - The appropriateness of the classification of stages. - Appropriateness of determining exposure at default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations. - Appropriateness of the PD, EAD, LGD and EIR used for different exposures at different stages. - Appropriateness and objectivity of the internal rating. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages, we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. - We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. We also assessed whether the financial statement disclosures appropriately reflect the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI).

Other information included in the Bank's 2021 annual report.

Other information consists of the information included in the annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2021 annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank's to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan

7 February 2022

Ernst + Young

	Notes	31 December 2021	31 December 2020
		JD	JD
ASSETS			
Cash and balances with Central Bank of Jordan	4	889,168,217	795,966,945
Balances with Banks and financial institutions	5	18,227,011	15,555,154
Deferred sales receivables and other receivables – Net	6	923,980,243	834,211,567
Deferred sales receivables through the statement of income	7	-	-
Ijara Muntahia Bittamleek assets – Net	8	807,615,926	729,668,006
Financial assets at fair value through shareholders' equity – Self financed	9	5,842,911	5,629,892
Financial assets at fair value through joint investment accounts holders' equity	10	3,914,687	3,239,246
Financial assets at amortized cost – Net	11	26,732,789	37,363,911
Investments in real estate	12	18,988,674	23,531,190
Al-Qard Al-Hasan loans – Net		57,331,892	52,214,777
Property and equipment – Net	13	18,355,773	15,801,339
Intangible assets – Net	14	1,656,862	975,473
Right of use assets	15	7,005,940	5,630,216
Deferred tax assets	21	3,272,529	3,182,882
Other assets	16	27,445,363	20,220,184
TOTAL ASSETS		2,809,538,817	2,543,190,782
LIABILITIES			
Banks and financial institutions' accounts	17	1,645,562	261,513
Customers' current accounts	18	780,280,524	721,194,579
Cash margin	19	32,368,800	30,631,892
Other provisions	20	3,723,807	3,545,844
Provision for income tax	21	11,545,933	11,359,095
Deferred tax liabilities	21	377,424	296,477
Lease liabilities	15	5,941,126	4,752,471
Other liabilities	22	41,303,976	30,693,225
TOTAL LIABILITIES		877,187,152	802,735,096
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	23	1,664,785,550	1,492,084,412
Fair value reserve - net	27	(398,306)	(311,461)
Total joint investment accounts holders' equity		1,664,387,244	1,491,772,951
Provision for future expected investment risks	24	1,468,691	4,036,823
		1,468,691	4,036,823
SHAREHOLDERS' EQUITY			
Paid-in capital	25	100,000,000	100,000,000
Statutory reserve	26	44,548,730	39,733,495
Voluntary reserve	26	4,262,322	4,262,322
Fair value reserve - net	27	615,796	483,724
Retained earnings	28	117,068,882	100,166,371
Total shareholders' equity		266,495,730	244,645,912
Total liabilities, joint investment accounts holders and shareholders' equity		2,809,538,817	2,543,190,782
Restricted investments		189,922,696	244,521,656
Wakalah investments		30,727,457	32,759,293

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

STATEMENT OF INCOME

	Notes	2021	2020
		For the Year Ended 31 December	
		JD	JD
Revenues			
Deferred sales revenues	29	**45,690,644**	45,870,959
Revenue from financial assets at amortized cost	30	**1,200,868**	1,419,555
Net income from investment in real estates	31	**482,214**	98,458
Revenue from Ijara Muntahia Bittamleek Assets	32	**53,248,254**	50,536,117
Ju'alah commissions	33	**1,120,869**	935,843
Other revenues	42	**544,107**	38,740
Recoveries from expected credit loss provision	34	**7,361,509**	3,198,151
Total Revenue from Joint Investments Accounts		**109,648,465**	102,097,823
Deposit insurance fees on joint investment accounts	35	**(2,514,464)**	(2,410,690)
Unrestricted investment accounts share	36	**(33,944,961)**	(27,895,062)
Banks' Share in income from Joint Investment as Mudarib and Fund Owner (Rab Al-Mal)	37	**73,189,040**	71,792,071
Bank's self-financed revenues	38	**48,865**	35,412
Bank's share in restricted investment profit as Mudarib	39	**48,842**	294,238
Bank's share in restricted investment profit as agent (Wakeel)	39	**208,361**	381,402
Gains from foreign currencies	40	**1,791,988**	1,451,389
Banking services revenues	41	**12,808,363**	11,265,829
Other revenues	42	**240,332**	308,596
Deposit insurance fees on current accounts	35	**(2,175,126)**	(1,993,124)
Gross Income		**86,160,665**	83,535,813
Expenses			
Employees' expenses	43	**22,820,053**	24,686,710
Depreciation and amortization	13&14	**2,554,236**	2,519,377
Other expenses	44	**10,248,313**	9,352,128
Depreciation of Ijara Muntahia Bittamleek assets	8	**9,076**	8,032
Provisions for expected credit loss - self	6&56	**300,000**	165,000
Amortization of right of use assets	45	**1,184,068**	1,200,737
Lease liabilities discount / Finance costs	45	**127,847**	138,334
Rental expenses	45	**342,193**	308,307
Other provisions	20	**422,530**	431,528
Total expenses		**38,008,316**	38,810,153
Profit before income tax		**48,152,349**	44,725,660
Income tax	21	**(14,434,603)**	(14,285,663)
Profit for the year		**33,717,746**	30,439,997
Earnings per share for the year	46	**0,337**	0,304

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

.	For the Year Ended 31 December	
	2021	2020
	JD	JD
Profit for the year	**33,717,746**	30,439,997
Comprehensive income items: Items that will not be reclassified subsequently to statement of income		
Net change in fair value reserve	**132,072**	8,036
Total comprehensive income for the year - attributable to the Bank's shareholders	**33,849,818**	30,448,033

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

Statement Of Changes In Shareholders' Equity

	Notes	Paid-in capital	Reserves		Fair value reserve - Net	Retained earnings *	Total
			Statutory	Voluntary			
		JD	JD	JD	JD	JD	JD
For the year ended 31 December 2021							
Balance at beginning of the year		**100,000,000**	**39,733,495**	**4,262,322**	**483,724**	**100,166,371**	**244,645,912**
Profit for the year		**-**	**-**	**-**	**-**	**33,717,746**	**33,717,746**
Net change in fair value reserve after tax	**27**	**-**	**-**	**-**	**132,072**	**-**	**132,072**
Total comprehensive income for the year		**-**	**-**	**-**	**132,072**	**33,717,746**	**33,849,818**
Transferred to reserves		**-**	**4,815,235**	**-**	**-**	**(4,815,235)**	**-**
Dividends**		**-**	**-**	**-**	**-**	**(12,000,000)**	**(12,000,000)**
Balance at the end of the year		**100,000,000**	**44,548,730**	**4,262,322**	**615,796**	**117,068,882**	**266,495,730**
For the year ended 31 December 2020							
Balance at beginning of the year		100,000,000	35,260,929	4,262,322	475,688	74,198,940	214,197,879
Profit for the year		-	-	-	-	30,439,997	30,439,997
Net change in fair value reserve after tax	27	-	-	-	8,036	-	8,036
Total comprehensive income		-	-	-	8,036	30,439,997	30,448,033
Transferred to reserves		-	4,472,566	-	-	(4,472,566)	-
Balance at the end of the year		100,000,000	39,733,495	4,262,322	483,724	100,166,371	244,645,912

* Retained earnings include an amount of JD 3,272,529 as of 31 December 2021 that cannot be used based on the instructions of the Central Bank of Jordan. This amount represents the amount of deferred tax assets related to the Bank's self-financed operations (JD 3,182,882 as at 31 December 2020).

* Retained earnings include a restricted amount of JD 181,121 as of 31 December 2021 which represents the general Banking reserve surplus that resulted from Financial Accounting Standard (30) implementation.

** On 22 April 2021, the General Assembly of Shareholders approved the distribution of cash dividends of JD 12,000,000 to the sole shareholder (Arab Bank plc.), representing 12% of the authorized and paid in capital from distributable retained earnings for the year 2021 (There was no distribution of cash dividends for the year 2020).

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

	Notes	31 December 2021	31 December 2020
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		**48,152,349**	44,725,660
Adjustments to non - cash items:			
Depreciation and amortization	13 & 14	**2,554,236**	2,519,377
Depreciation of investments in real estate	12	**172,836**	128,731
Provision for expected credit loss - self	6 & 56	**300,000**	165,000
Recoveries from expected credit loss - joint	34	**(7,361,509)**	(3,198,151)
Other provisions	20	**422,530**	431,528
Right of use assets amortization	45	**1,184,068**	1,200,737
Lease liabilities / Finance costs	45	**127,847**	138,334
Effect of exchange rate fluctuations on cash and cash equivalents	40	**(14,924)**	(1,207)
Net cash from operating activities before change in the working capital		**45,537,433**	46,110,009
Change in working capital items			
(Increase) in deferred sales receivables and other receivables		**(84,962,785)**	(86,625,361)
(Increase) in Ijara Muntahia Bittamleek assets		**(78,354,865)**	(57,931,595)
(Increase) in other assets		**(9,700,386)**	(3,049,638)
(Increase) in Al-Qard Al-Hasan loans		**(5,117,115)**	(4,116,674)
Increase in customers' current accounts		**59,085,945**	43,648,299
Increase (Decrease) in cash margins		**1,736,908**	(740,140)
Increase (Decrease) in other liabilities		**14,510,726**	(8,483,280)
Net cash (used in) operating activities before Tax and provisions paid		**(57,264,139)**	(71,188,380)
Provisions paid	20	**(244,567)**	(133,904)
Tax paid	21 & 24	**(15,757,595)**	(15,543,848)
Net cash (used in) operating activities		**(73,266,301)**	(86,866,132)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) of financial assets at fair value through joint investments accounts holders' equity		**(762,286)**	(734,497)
Sale (Purchase) of financial assets at amortized costs – net		**10,650,944**	(4,702,614)
Sale (Purchase) of investment in real estates		**3,319,413**	(766,715)
(Purchase) of property and equipment		**(3,710,085)**	(1,598,418)
(Purchase) of intangible assets	14	**(1,073,114)**	(236,435)
Proceed from sale of property and equipment		**33,431**	10,105
Net cash from (used in) investing activities		**8,458,303**	(8,028,574)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in joint investment account holders' equity		**172,701,138**	190,755,087
Paid lease obligations	15	**(1,418,984)**	(1,188,765)
Distributed dividends	28	**(12,000,000)**	-
Net cash flows from financing activities		**159,282,154**	189,566,322
Effect of exchange rate fluctuations on cash and cash equivalents		**14,924**	1,207
Net increase in cash and cash equivalents		**94,489,080**	94,672,823
Cash and cash equivalents at beginning of the year		**811,260,586**	716,587,763
Cash and cash equivalents at the end of the year	47	**905,749,666**	811,260,586
Non-cash items:			
Increase in foreclosed assets resulted from termination of ijara contracts		**167,290**	11,123,379
Increase of foreclosed assets resulted from transfer from investment in real estate		**-**	283,933
Increase of fixed assets resulted from transfer from investment in real estate		**1,040,291**	-
Intangible assets		**-**	(32,384)

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

Statement Of Sources And Uses Of Al - Qard Al - Hasan Fund

	31 December 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	**51,988,965**	47,766,495
Sources of the fund:		
Shareholders' equity	**(66,357,161)**	(59,621,321)
Total sources of fund's assets during the year	**(66,357,161)**	(59,621,321)
Uses of the Fund:		
Personal advances	**8,054,944**	5,707,605
Revolving cards	**63,755,457**	58,136,186
Total used during the year	**71,810,401**	63,843,791
Balance at the end of the year	**57,442,205**	51,988,965
Current and overdrawn accounts	**1,082,738**	982,370
Less: expected credit loss provision (Note 6)	**(1,193,051)**	(756,558)
Balance at the end of the year – net	**57,331,892**	52,214,777

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

Statement Of Changes In Restricted Investments

	Note	International Murabaha	Cash Balances	Total
For the year ended 31 December 2021				
		JD	JD	JD
Investments at the beginning of the year		**240,732,504**	**3,789,152**	**244,521,656**
Add: Deposits		**51,804,229**	**-**	**51,804,229**
Less: Withdrawals		**(106,114,444)**	**(537,049)**	**(106,651,493)**
Less: Bank's fees as Mudarib	**39**	**(48,842)**	**-**	**(48,842)**
Add: Investment gains		**297,146**	**-**	**297,146**
Investments at the end of the year		**186,670,593**	**3,252,103**	**189,922,696**
Revenues for distribution		**73**	**-**	**73**
Total		**73**	**-**	**73**

	Note	International Murabaha	Cash Balances	Total
For the year ended 31 December 2020				
		JD	JD	JD
Investments at the beginning of the year		290,785,144	4,185,785	294,970,929
Add: Deposits		85,132,770	-	85,132,770
Less: Withdrawals		(136,750,382)	(396,633)	(137,147,015)
Less: Bank's fees as Mudarib	39	(294,238)	-	(294,238)
Add: Investment gains		1,859,210	-	1,859,210
Investments at the end of the year		240,732,504	3,789,152	244,521,656
Revenues for distribution		112	-	112
Total		112	-	112

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

	Note	Local Murabaha	Cash Balances	Total
For the year ended 31 December 2021				
		JD	**JD**	**JD**
Investments at the beginning of the year		**19,161,290**	**13,598,003**	**32,759,293**
Add: Deposits		**10,522,725**	**-**	**10,522,725**
Less: Withdrawals		**(11,486,097)**	**(1,068,464)**	**(12,554,561)**
Add: Investments' gains		**413,576**	**-**	**413,576**
Less: Bank's fees as Agent (Wakeel)	**39**	**(208,361)**	**-**	**(208,361)**
Less: Client's share		**(205,215)**	**-**	**(205,215)**
Investments at the end of the year		**18,197,918**	**12,529,539**	**30,727,457**
Revenue received in advance		**1,092,859**	**-**	**1,092,859**

	Note	Local Murabaha	Cash Balances	Total
For the year ended 31 December 2020				
		JD	JD	JD
Investments at the beginning of the year		21,250,714	12,591,683	33,842,397
Add: Deposits		2,228,026	1,006,320	3,234,346
Less: Withdrawals		(4,317,450)	-	(4,317,450)
Add: Investments' gains		646,008	-	646,008
Less: Bank's fees as Agent (Wakeel)	39	(381,402)	-	(381,402)
Less: Client's share		(264,606)	-	(264,606)
Investments at the end of the year		19,161,290	13,598,003	32,759,293
Revenue received in advance		1,459,786	-	1,459,786

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (59) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM

1. General

- Islamic International Arab Bank ("the Bank") was established as a Public Shareholding Limited Company on 30 March 1997 pursuant to the provisions of the company's law No. (22) of 1997.
- The Bank provides all Banking, financial, and investment activities that comply with Islamic Shari'a standards through its headquarters and its 45 branches inside the kingdom. The Bank's transactions are governed by the applicable Bank's law.
- The Islamic International Arab Bank is wholly owned by the Arab Bank and the financial statements are consolidated with the financial statements of the Arab Bank.
- The financial statements were authorized for issue by the Bank's Board of Directors in their meeting No. (1) held on 25 January 2022 and its subject to the approval of the General Assembly and Central Bank of Jordan.
- The Bank's Shari'a Supervisory Board reviewed the financial statements on 25 January 2022 and issued their Shari'a report thereon.

2. Significant Accounting Policies

Basis of preparation of the financial statements

- The Bank's financial statements have been prepared in accordance with the standards issued by the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI), in conformity with applicable local laws and regulations, and with the Central Bank of Jordan's regulations. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards, therefore.
- The financial statements are prepared on the historical cost basis except for financial assets at fair value and sales receivables through the statement of income, which are recognized at fair value at the date of the financial statements.
- The financial statements have been presented in Jordanian Dinar, which is the functional currency of the Bank.
- On 1 April 2019, a new law was issued that amends the Banks Law No. (28) of the year 2000, where Article (13) of the law states on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 10/1/9173, setting aside the surplus of the Investment Risk Fund as a provision to encounter any future expected investment risks.
- The Bank adopted the principle of mixing owner's equity with the accounts of the holders of joint investment as from the beginning of May 2013, maintaining the existing investments financed by the holders of equity (self) until maturity.

Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's financial statements for the year ended 31 December 2020, except for the following:

Islamic Financial Accounting Standard 32 (Ijarah)

Islamic Financial Accounting Standard No. (32) "Ijarah" replaces Financial Accounting Standard No. (8) "Ijarah and Ijarah Muntahia Bittamleek". The standard sets out the principles relating to the recognition, measurement, presentation and disclosure of various types of leases as lessors and lessees.

The Bank has applied the requirements of Islamic Financial Accounting Standard No. (32) and there is no effect from the application of this standard on the Bank's financial statements, as part of the standard has replaced International Financial Reporting Standard No. (16), which was previously applied from the date of 1 December 2019.

Sectors' Information

- The business sector represents a group of assets and operations, which jointly provides products or services subject to risks and returns different from those relating to other business sectors measured in accordance with the reports used by the Chief Operating Officer and key decision maker at the Bank.
- The geographical sector relates to providing products or services in a specific economic environment subject to risks and returns different from those relating to segments operating in other economic environments.

Basis of distributing profits among shareholders equity and joint investment accounts holders.

	Rate	
Share of Joint Investment Accounts Holders According to the slides	**30%- 72%**	Which is 1,67% to 4,37% for the first half and from 1,84% to 4,81% for the second half of 2021, on the Jordanian Dinar (compared with 1,75% to 4,31% for the first half and from 1,65% to 4,49% for the first and second halves of 2020) and 0,294% to 0,737% and 0,292% to 0,730% on the US Dollar for the first and second halves of 2021, respectively (compared with 0,54% to 1,24% and 0,37% to 0,940% for 2020).
Share of Shareholders' Equity According to the slides	**28%-70%**	

- The Bank donates a certain amount from its share in income from joint investment as Mudarib or fund owner (Rab Al-Mal) to raise the percentage of profit distributed (according to categories) to some/all unrestricted investment accounts holders.
- The Bank grants priority in investment to the holders of the joint investment accounts. These accounts are charged with the advertisement and publicity expenses in respect of the products that the Bank releases. Such expenses are life insurance premiums in respect of those financed by Ijara Muntahia Bittamaleek contracts and the expenses related to investment in real estate, and other expenses approved by the Sharia Supervisory Board, which are invested from the deposits accounts that participate in profits.
- The rate of distributed profits to the holders of the restricted investment deposits in US Dollars ranged from 0,129% to 0,168% for the year 2021 (compared with 0.156% to 1.78% for the year 2020).

Revenue, Earnings and Losses Not Compliant with Islamic Shari'a

The Bank's revenue, earnings, and losses not in compliance with Islamic Shari'a (if any) are recorded in a special account in the statement of financial position within other credit balances. They are not recorded in the statement of income and are disbursed as charity as determined by the Shari'a Supervisory Board.

Zakah

The responsibility for Zakah is assumed by the holders of deposits and shareholders separately.

Deferred Sales Receivables

Murabaha Contracts

These are sale of a commodity at its first purchase price paid by the seller (the Bank) with known and an agreed upon mark-up. The sale may be on an ordinary Murabaha basis called (Simple Murabaha), in which the Bank practices trade. According to simple Murabaha, the Bank buys the commodities without reliance on a prior promise by a customer to buy them, and then the Bank offers such commodities for sale by Murabaha at an agreed upon price and profit. Otherwise, the sale could be Murabaha coupled with a promise from a customer, i.e., the Bank buys the commodity only after the customer determines his desires with the existence of a prior promise to buy, which is then called (Murabaha to purchase order).

- The Bank applies the commitment to the promise principle in Murabaha to the purchase orderers contracts in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions. However, in the event of abstention, the Bank sells the commodity and refers to the commander of purchase to compensate for the actual losses.
- Murabaha receivables are recorded upon their occurrence at their nominal value. They are measured at the end of the financial year at the net cash value expected to be realized.

- The profits are recorded upon concluding the cash Murabaha contracts or to a period not exceeding the financial year.
- Income of deferred sales for a period exceeding the financial year is recorded by distributing it over the future financial years for the term, whereby a share of the profits is allocated for each financial year regardless of whether or not it is a cash delivery.

Al Ju'alah

It is a contract in which one of the parties (the Ja'il) offers specified compensation (the Ju'alah / commission) to anyone who will achieve a determined result (the 'Amil) in a known or unknown period.

Al Istisna'

It is a sale contract between Al Mustasnee (the buyer) and Al Sanee' (the seller), whereby the latter, upon the request of the former, manufactures a described commodity (Masnou') or obtains it on the delivery date. This is provided that the manufacturing material and/or cost of work is provided by the manufacturer against the price and payment method (immediate, deferred, or installed) agreed on by both.

- Cost of Istisna' includes direct and indirect costs related to Istisna' contracts. Such costs do not include general and administrative, marketing expenses and costs of research and development.
- The costs of Istisna' process and the costs prior to signing the contract are recorded in the financial year under the item Istisna' under process at the amounts disbursed by the Bank. The invoices sent to Al Mustasnee (the buyer) by the Bank are recorded under Istisna' receivables account and deducted from the account of Istisna' under process in the statement of financial position.
- Istisna' revenue is recorded upon concluding the contract either through completion of execution or expiry of the contract, whichever is earlier.
- If Al Mustasnee (the buyer) does not fully pay the agreed upon price and reach an agreement to pay in installments during the contract execution or after its completion, deferred profits are recorded and deducted from the balance of Istisna' receivables account in the Bank's statement of financial position. This is carried out whether the method followed in recording Istisna' revenues is the percentage of completion method or the completed contract method. Moreover, the deferred profits distribution is made over the future financial years whereby a share of the profits is allocated for each financial year, whether the settlement is made by cash or not.
- If the Bank retains the manufactured item for any reason, such assets are measured at the expected cash value to be realized or at cost, whichever is lower. The difference (if any) is recorded as a loss in the statement of income in the financial year in which it is realized.

Assets Available for Deferred Payment Sale

- This item represents assets acquired by the Bank for the purpose of selling these assets on a deferred basis (instalments). This type of selling assets is also called instalment-bargain sale to distinguish it from Murabaha to the purchase orderer.
- The assets available for deferred payment sale are recorded at cost at the time of contracting and measured at cost basis (purchase value and any direct expenses which are acquisition-related).
- The assets available for deferred payment sale are measured at the end of the financial period at fair value. The amount of change resulting from the re-valuation process if any is measured on the basis of book value compared with fair value, and the unrealized profit (loss) is recorded in the investments fair value reserve.
- Profits of the deferred sales shall be recognized on an accrual basis and proportionally allocated over the period of the contract. Profits related to future financial periods shall be recognized in deferred sales profit account.
- Deferred sales receivables shall be recognized at contract inception and measured at their face value (contracted value).

Financing Investments

Mudaraba Financing

- It is a partnership in profit between two parties whereby one party provides the capital, and the other party provides the work, and it is instituted between the holders of investment accounts (Rab Al-Mal) and the Bank (Mudarib). The Bank and the division of gain as agreed, whereby losses are charged to Rab Al-Mal except in the events of infringement of the Bank (Al Mudarib), its default, or violation of the conditions. In such cases, the Bank bears the consequences arising therefrom. The partnership is also instituted between the Bank in its capacity as the capital holder in its own name or on behalf of the holders of investment accounts and craftsmen and other business owners such as farmers and industrialists. Such Mudaraba is different from the traditional speculation that involves adventure and taking risks in sale and purchase activities.
- Mudaraba finance is recorded upon delivering the capital to Al Mudarib or putting it under his control. The provided capital is measured by the paid amount or at fair value if in-kind. If a difference results from the valuation of the in-kind item between the fair value and the book value, it is recognized as a profit (loss) in the statement of income. At the end of the financial year, the amount the Bank redeems from the Mudaraba capital is deducted.
- The Bank's share of the gains (losses) arising and expiring during a financial year is recorded after the settlement of the Mudaraba process. In events where Mudaraba process continues for more than a financial year, the Bank's share of the profits is recorded upon realization of the profits by accounting for them, in whole or any part thereof, in the financial year in which the profits occur to the extent of distributed profits. Moreover, losses for that year are recorded to the extent of losses by which the Mudaraba capital is reduced.
- If losses are incurred due to Mudareb infringement or default, such losses are recorded as receivables debited to Mudareb's account.

Musharaka Financing

- It is the provision of funds by the Bank and customer equally or differently in order to set up a new project or participate in an existing one, whereby each of them would own a share in the capital either on a fixed or diminishing basis and would be entitled to its share of the gains. Losses are divided proportionate to the partner's share in capital, whereby it would be inappropriate to stipulate otherwise.
- The Bank's share in Musharaka capital is recorded upon delivery to the managing partner or when it is deposited in Musharaka account, as it is measured at the cash paid value or at fair value if in-kind. If a difference results from the evaluation of the in-kind item between fair value and book value, it is recognized as a profit (loss) in the statement of income.
- The capital in the diminishing Musharaka is measured at the end of the financial year at the historical value less the historical value of the share sold at the agreed upon fair value, and the difference between both values is recorded as a profit or loss in the statement of income.
- The Bank's share of the gains or (losses) of Musharaka financing which arises or expires during the financial year is recorded after settlement. In the event that Musharaka continues for more than a financial year, the Bank's share of the profits is recorded upon their realization by accounting for them, in whole or any part thereof, between the Bank and the partner in the financial year in which the profits occur to the extent of the distributed profits. Moreover, losses for a financial year are recorded in that year to the extent of the losses by which the Bank's share in the Musharaka capital is reduced.
- An additional provision of expected credit losses for Deferred Sale Receivable and Other Receivables in case there is an indication of a significant increase in credit risk.
- At the end of the financial year, the financing assets are recorded at cost or at cash value expected to be realized, whichever is lower, and the difference is recorded as a financing's impairment provision.
- The income from deferred sales and non-performing financing granted to customers is held in suspense in accordance with the Central Bank of Jordan instructions.

- The deferred sales receivables and funding financed from the joint investment accounts are written off in case efforts relating to their collection are not successful against the Investment Risks Fund (except for what has been granted / financed and then written off from the deferred sales receivables and finances in the same year whereby they are recorded in the statement of income within investment income). Any amounts collected from the previously written-off receivables and finances are added to the Investment Risks Fund, except for what has been recorded in the statement of income within investment income. Moreover, deferred sales receivables and funding financed from the Bank's own funds for which an impairment provision is taken are written off, if the related collection procedures are not successful, and deducted from the impairment provision. Any surplus in the total impairment provision is transferred to the statement of income, and any amounts of the previously written-off receivables and finances collected are added to income.

Financial Assets Recognition Date

Sales and purchase of financial assets are recognized on the trading date (the date the Bank is liable of selling or buying the financial assets)

Financial Assets at Amortized Cost

- These represent financial assets that the Bank's management aims to hold according to its business model to collect their contractual cash flows. Moreover, they represent fixed or determinable payments for their capital and gains.
- These assets are recorded at cost upon purchase plus acquisition costs, and they are re-valued at the end of the current period based on the effective profit method. Any profits or losses resulting from the amortization process are recognized in the statement of income, and any impairment in value is recorded in the statement of income.
- The amount of impairment in the value of these assets represents the difference between the book value and present value of the expected cash flows discounted at the original effective profit rate whereby any provisions resulting from impairment in the value of these assets are deducted. Moreover, any financial assets may not be reclassified to/ from this item.
- If any of these assets financed from the Bank's own funds is sold before maturity, the result of the sale is recorded in a separate item within the statement of comprehensive income and disclosed accordingly.

Financial Assets at Fair value through Shareholders' Equity - Self Financed

- These assets represent investments in equity instruments financed from the Bank's funds for retaining them for the long term.
- These assets are recorded upon purchase at fair value plus acquisition costs. Subsequently, these assets are re-valued at fair value. The change in fair value is recognized under the fair value reserve within shareholders' equity.
- If such assets or any part thereof is sold, gains or losses resulting therefore are recorded in retained earnings.
- Gains generated from such financial assets are recorded on the date of the declaration of their distribution in the statement of income.
- Gains or losses resulting from foreign currency exchange differences relating to these assets are recorded in the fair value reserve.

Financial Assets at Fair value through joint investment accounts holder's equity

- These assets represent investments in equity instruments financed from joint investment account for retaining them for the long term.
- These assets are recorded upon purchase at fair value plus acquisition costs. Subsequently, these assets are re-valued at fair value. The change in fair value is recognized under the fair value reserve within joint investment account holder's equity.
- If such assets or any part thereof is sold, gains or losses resulting therefore are recorded in statement of income.
- The impairment loss previously recorded in the statement of income may be recovered if it is objectively found that the increase in fair value occurred in a period subsequent to recording the impairment losses through the fair value reserve recognized within joint investment accounts holders' equity.

- Gains generated from such financial assets are recorded on the date of the declaration of their distribution in the statement of income.
- Gains or losses resulting from foreign currency exchange differences relating to these assets are recorded in the fair value reserve within joint investment account holders' equity.
- Financial assets whose fair value cannot be reliably determined are recognized at cost, and the impairment test is carried out at the end of every financial period. Moreover, the impairment in their value is recorded in the statement of income and may not be recovered during subsequent periods.

Deferred Sales Receivables through the Statement of Income / Self - Financed

- These are sale receivables (International Murabaha) due to the Bank's buying of commodities with the purpose of selling them in the near future.
- These receivables are recorded at fair value upon sale and subsequently re-valued at fair value through the market indicators of these receivables. Moreover, the change in fair value is recognized in the statement of income.
- The Bank may dispose of these receivables by a debt assignment to another person at their net nominal or book value, and the difference is recorded in the statement of income.

Ijara Muntahia Bittamleek (Lease to Own)

- It is a benefit contract for a compensation which expires by the lessee's acquisition of the leased assets.
- The assets acquired for Ijara are measured, at the date of their acquisition, at historical cost, including direct costs to render them usable. The leased assets are depreciated according to the straight-line method over the life of Ijara contract.
- When the recoverable amount from any of the acquired Ijara assets is lower than their net book value, their value is reduced to the recoverable amount, and the impairment amount is recorded in the statement of income.
- The income from Ijara is distributed over the financial years covered by the Ijara contract.

Foreclosed Assets

- They are the assets that are repossessed by the Bank to settle the debts and obligations of the borrowers without the Bank having any intention of owning them. In the future, if the Bank sees an investment opportunity, the Bank can transfer it to real estate investment in terms of calculating provisions.
- Assets that have been repossessed by the Bank in settlement of outstanding debts are shown in the balance sheet among other assets.
- The assets that have been repossessed by the Bank in settlement of the debts due to the value that it has transferred to the Bank or at the fair value whichever is lower, and are re-evaluated at the date of the financial statements at fair value and any decline in their value is subtracted from the income statement, taking into account the ownership of the funds invested in these assets.
- The value of the increase in its value is not recorded as revenue whereby the subsequent increase is recorded to the extent that it does not exceed the value of the decline that was previously established, taking into consideration the ownership of the funds invested in these assets, noting that it is subject to the instructions of the Central Bank of Jordan.

Investment in Real Estate

It is the acquisition of real estate to obtain periodical income or in anticipation of the increase of value thereof or both. Initially, the investment in real estate is recognized at cost plus direct cost, and it is subsequently measured depending on its application whether for utilization (cost or fair value model) or for sale. When the Bank approves either model, it has to apply it to all investments in real estate.

a. Investment in Real Estate Held–for-Use

The cost or fair value model is applied as follows:

- Cost Model:

Investments in real estate are recorded at cost less accumulated depreciation and impairment (if any). In the event that the Bank decides to apply this model, it has to apply it to all investments in real estate.

- Fair Value Model:

Investments are measured at fair value, and the increase in value is recorded in the fair value reserve. Moreover, any decrease in fair value is deducted from previously recorded increase. If there is no increase in the previously recorded value, the difference is recognized in the statement of income. Furthermore, if the Bank decides to apply this model, it has to apply it to all investments in real estate.

Noting that the Bank follows the cost model.

b. Investments in Real Estate Held-for-Sale

- Investments in real estate are recorded at the book value or fair value less costs of sale, whichever is lower. Moreover, these investments are not depreciated. The difference is recorded in the statement of income.
- Real estates may be transferred from the investment portfolio to the property and equipment portfolio or vice versa if the change in the purpose of their utilization can be established. The transfer is made at cost less deprecation if the Bank uses the cost model in measuring the portfolio's real estates. If the Bank uses the fair value model, real estates are transferred at their fair value at the date of transfer.
- If real estate is transferred from the Bank's property and equipment to the investment in real estate portfolio, the transfer is made at the cost of the real estate less depreciation and impairment provision (if any) as at the date of cessation of use.

Fair value of financial assets

- The closing prices (selling price) on the date of the financial statements in active markets represent the fair value of financial instruments that have market prices. If there are no actual prices or no active trading of some financial instruments or the market is inactive, the fair value is estimated by comparing it with the current market value of a similar instrument.
- Valuation methods aim at obtaining a fair value that reflects market expectations and considers market factors and any expected risks or benefits when assessing the value of financial assets If there are financial assets whose fair value cannot be reliably measured, they are shown at cost after deducting any impairment in their value.

Impairment of financial assets

- The Bank reviews the recorded values of the financial assets at the date of the financial position to determine whether there are indicators that indicate a decline in their value individually or in the form of a group, and in case of such indicators, the recoverable value is estimated in order to determine the impairment loss.

Provisions

Provisions are recognized when the Bank has obligations at the date of the statement of financial position arising from past events and settlement of these obligations is probable and can be measured reliably.

Investment Risk Fund

- On 1 April 2019, a new law was issued that amends the Banks Law No. (28) of the year 2000, where Article (13) of the law had provisions on the dissolution of Article (55) from the original law. It states that no less than 10% of net recognized investment revenue on different continuing operations during the period should be deducted, with twice the amount of the Paid-in Capital being the maximum. Also, in accordance with the Central Bank of Jordan's Circular No. 10/1/9173, setting aside the surplus of the Investment Risk Fund as a provision to encounter any future expected investment risks.
- According to Central Bank of Jordan instructions No. 10/1/9173, the Bank allocated the balance of 30 April 2019 from the Investment Risk Fund to the provisions for projected investment losses calculated as at 30 April 2019 and the surplus in the allocations was transferred to the account for future investment losses provisions in the side of liabilities.
- In the case that the required provisions are calculated as at 31 December 2021 and the following years, the surpluses in the side of the liabilities will be used until the completion of these surpluses, and in case that there is an increase in the required allocations, they will be refunded to the revenues and not transferred to the surpluses.

Property and Equipment

Property and equipment are stated at cost after deducting accumulated depreciation and any impairment in their value. Property and equipment (except for lands) are depreciated when ready for use according to the straight-line method over their expected useful lives at the following annual rates:

	Depreciation rate
Buildings	2%
Furniture, fixture and equipment	2% - -15%
Vehicles	20%
Computers	25%
Improvements and decorations	15%

- The useful lives of property and equipment are reviewed at the end of each financial year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being a change in estimates.

- When the recoverable amount of any property and equipment is less than their net carrying value, their value is reduced to the recoverable amount, and the impairment loss is recorded in the statement of income.

Intangible Assets

- Intangible assets acquired through a method other than merger are recorded at cost.
- Intangible assets are classified based on the estimation of their useful life for a definite or an indefinite period. Intangible assets with definite useful economic lives are amortized over their useful lives, and amortization is recorded in the statement of income. Furthermore, the impairment in the value of intangible assets with indefinite useful lives are reviewed at the date of the financial statements, and any impairment in their value is recorded in the statement of income.
- Intangible assets resulting from the Bank's operations are not capitalized but included in the statement of income in the same year.
- Indications of impairment of intangible assets are reviewed at the date of the financial statements, their useful lives are reassessed, and any adjustments are made in the subsequent years.
- Software and systems are stated in the statement of financial position at cost after deducting accumulated amortization. They are amortized when ready for use based on the straight- line method over their expected useful lives at an annual rate of 25%.

End of Service Indemnity Provision

Annual indemnities paid to the employees who leave employment are recorded in the end-of- service indemnity provision when paid. Indemnity paid in excess of the provision is taken in the statement of income upon payment, and a provision for the Bank's obligations in respect of staff end-of-service indemnity is taken in the statement of income in accordance with the Bank's personnel by-laws and the provisions of the Labor Law.

Income Tax

- Tax expenses represent accrued taxes and deferred taxes.
- Tax expenses are accounted for based on taxable income which differs from income declared in the financial statements because the latter includes non-taxable revenue or taxable expenses disallowed in the current year but deductible in subsequent years, accumulated losses acceptable by the tax law, and items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates according to the prevailing Laws, Regulations and Instructions of the Hashemite Kingdom of Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Deferred taxes are calculated, using the financial position liability method. Moreover, these deferred taxes are calculated according to the tax rates expected to be applied upon settling the tax liability or the realization of the deferred tax assets.
- Deferred tax assets are reviewed at the date of the financial statements and reduced when it is no longer probable to benefit from these tax assets partially or totally.

Accounts Managed on Behalf of Customers (restricted accounts)

These represent the accounts managed by the Bank on behalf of its customers but do not represent part of the Bank's assets. The fees and commissions for managing these accounts are recognized in the statement of income.

Accounts Managed by Wakalah

These represent accounts managed by the Bank as Wakalah according to a program with the Central Bank of Jordan. The funds invested by Wakalah are recognized off-the statement of financial position whereas the Bank's share from the Wakalah (returns) is recorded in the statement of income.

Realization of Income and Recognition of Expenses

- Realization of income and recognition of expenses are recognized on the accrual basis, except for revenue from deferred sales and non-performing finances that are not recognized as revenue but recorded in the suspense income accounts.
- Commissions are recorded as a revenue upon rendering the related services. Dividend income is recognized when earned (when approved by the General Assembly of Shareholders).

Foreign Currencies

- Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions.
- Financial assets and financial liabilities are translated based on the average exchange rates declared by the Central Bank of Jordan on the date of the financial position.
- Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.
- Gains and losses resulting from foreign currency translation are recorded in the statement of income.

Lease contracts

- The Bank recognizes right-of-use assets and corresponding lease liabilities in respect of all lease arrangements in which the lessee is, except for short-term leases (defined as leases of 12 months or less) and leases of low-value assets and for these contracts, the Bank recognizes lease payments as an operating expense on a straight-line basis over the term of the lease.
- The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date of the lease, discounted using a discount rate of 2%.

Lease liabilities are presented as a separate line item in the statement of financial position.

Right-of-use assets are amortized over the lease term, which ranges from 5-10 years. Right-of-use assets are presented as a separate line item in the statement of financial position.

Cash and Cash Equivalents

This item represents cash and cash balances that mature within three months and comprise cash and balances at the Central Bank, and balances at Banks and financial institutions less Banks and financial institutions' accounts that mature within three months and restricted balances.

3. Use of estimates

Preparation of the financial statements and application of accounting policies require the Bank's Management to perform estimates and assumptions that affect the amounts of financial assets and financial liabilities, fair value reserve and disclosure of contingent liabilities. These estimates and assumptions also affect the revenue, expenses and provisions as well as the changes in fair value reported in the statement of comprehensive income. In particular, the Bank's Management is required to make significant judgements for estimating the amounts and timing of future cash flows. Moreover, the mentioned estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes resulting from the conditions of such estimates in the future. In the opinion of management, the estimates used in the financial statements are reasonable.

We believe that the estimates within the financial statements are reasonable and are detailed as follows:

- A provision for lawsuits raised against the Bank is taken based on a legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.
- Determining the provision for impairment of financial assets requires the Bank's management to issue judgments to estimate the amounts of future cash flows and their timing, in addition to estimating any significant increase in the credit risk of financial assets after their initial recognition, in addition to taking into consideration future measurement information for expected credit losses.
- The Bank has postponed the financing installments of clients of the economic sectors affected by companies and individuals and made schedules without adding any profit, considered the duration of the contractual financing is the extended period after the deferral of the installments is taken into account, where the deferred profits are extinguished on the extended contractual period of financing, in addition, the Accounting Board of the Accounting And Auditing Authority of Islamic Financial Institutions issued a statement "the implications and consequences of the Corona epidemic" on May 21, 2021 to provide classification and explanations regarding the treatment of In accordance with the financial accounting standards issued by the Accounting and Auditing Authority of Islamic Financial Institutions, it is not permissible to calculate the current value of the funds or apply the concept of missed opportunity. Although it is difficult to assess the substantial increase in credit risk under the current circumstances, the Bank has distinguished between customers whose credit risk is unlikely to change significantly from those who may be permanently affected, the Bank considered that some customers in certain sectors are at greater credit risk and therefore the likelihood of default has increased.

Methodology for applying International Accounting Standard No. 30 and International Financial Reporting Standards No. 9 (Financial Instruments): Inputs, mechanisms and assumptions used to calculate expected credit losses

The key concepts with a fundamental impact that require a high degree of management diligence that have been considered by the Bank when applying the standard include:

Assessing the substantial increase in credit risk:

To assess whether the credit risk on a financial asset has increased significantly since the date of its inception, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

Our assessment of significant increases in credit risk will be performed once every three months and separately for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have set limits to measure the substance of credit risk based on the change in the risk of a financial instrument stumble compared to the date of its inception.

2. In addition to using qualitative factors to assess the results of the change in the classification stages or make adjustments to reflect the situation of the significant increase in credit risk.

3. IAS 30 and IFRS (9) (financial instruments) includes an assumption of a significant increase in the credit risk of financial instruments that have defaulted and matured for more than 30 days. Within the instructions of the Central Bank of Jordan, it is assumed that there is a significant increase in the credit risk of financial instruments that have defaulted and are due for more than 30 days.

Macroeconomic Factors, Forward Looking Information and Use of Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about historical events and current situations as well as reasonable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require management's significant judgment.

Probability of default (PD), loss given default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are designed based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in relation to the portfolio.

The following is a summary of the applicable ratios for each scenario before and after the COVID-19 pandemic:

- During the fourth quarter of 2021, the Bank stopped working using an additional downside scenario to calculate expected credit losses, as a result of the improvement in macroeconomic indicators, and accordingly the Bank adjusted the weighted probabilities of the macroeconomic scenarios used in calculating the expected credit losses provision to become 35% for the worst scenario, 20 % for the best scenario and 45% for the base scenario instead of 20% for the worst scenario, 15% for the best scenario, 35% for the base scenario and 30% for the worst scenario.
- Each of the macroeconomic scenarios used in calculating the expected credit loss is associated with variable macroeconomic factors.
- In our estimates used in calculating stage 1 and stage 2 ECLs, discounted weighted scenarios that include future macroeconomic information for the next three years are used.
- The base scenario depends on the macroeconomic reality (such as: GDP, inflation, stock prices, unemployment rate...). The ups and downs changes in economic factors will be prepared on the basis of possible alternative economic conditions.
- Probability weighted is measured according to the best estimate of historical probability and current conditions. Weighted scenarios are evaluated every three months. Also, among the measures taken by the Bank to counter the effects of (Covid-19) are adjusting the discount rate on the value of real estate guarantees to 30% instead of 20%, mechanisms to become 65% instead of 50%, and residential lease financing to become 20% instead of 10%.

Definition of default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. There is the rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Defaults are defined by the Bank if in the event that is it ascertained that the customer may not fully pay his obligations or if the customer is due on a substantial value from the facilities for a period of 90 days or more.

Expected Life

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management.

Useful lives of property, equipment, intangible assets and real estate within the real estate investment portfolio:

Management estimates the useful lives of tangible and intangible assets upon initial recognition. Moreover, Management periodically re-assesses the useful lives of tangible and intangible assets to calculate annual depreciation and amortization based on the general condition of those assets and estimates of the productive activities expected in the future. The impairment loss (if any) is charged to the statement of income. The factors that affect the estimated useful lives of tangible and intangible assets include Management's estimates for the period in which the Bank is expected to use these assets as well as technological development and obsolescence.

The difference between the useful lives of tangible and intangible assets and Management's estimates significantly affect the depreciation expense which in return will significantly affect the statement of income.

The management evaluates the real estate within the real estate investment portfolio periodically, and an allowance is taken for any decrease in its value within the provision for future expected credit losses, as the portfolio is within the joint investment and the Bank follows the cost model, and the buildings are depreciated using a straight-line method within this portfolio at a rate of 2% annually.

Significant estimates related to determining the duration of the lease contract for contracts that include the option to renew the contract

The Bank determines the duration of the lease contract as a non-cancellable period, considering the periods covered by the option to extend the lease if this option is certain to be exercised, or any periods related to the option to terminate the lease, if it is certain that the Bank does not exercise this option.

Under some lease contracts, the Bank has the right to lease the assets for additional periods. The Bank makes some estimates when assessing whether it is certain to exercise the renewal option.

Average life of lease contracts: 5-10 years
Discount rate: 2%

4. Cash and Balances with Central Bank of Jordan

This item consists of the following:

	31 December 2021	31 December 2020
	JD	JD
Cash in vaults	**45,493,000**	41,859,436
Balances with Central Bank of Jordan		
Current and call accounts	**745,687,438**	666,582,415
Statutory cash reserve	**97,987,779**	87,525,094
Total	**889,168,217**	795,966,945

- Except for the cash reserve, there are no restricted cash balances as at 31 December 2021 and 2020.
- No provision for expected credit losses has been calculated for balances with the Central Bank, as they are exposures to the Jordanian government.

The movement on the balances at Central Bank of Jordan is as follows:

	Stage 1	
	31 December 2021	31 December 2020
	JD	JD
Balances at the beginning of the year	**754,107,509**	665,630,526
New balances during the year	**2,203,774,259**	2,130,278,299
Paid balances	**(2,114,206,551)**	(2,041,801,316)
Balance at the end of the year	**843,675,217**	754,107,509

5. Balances with Banks and Financial Institutions

The details for this item as follow:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	31 December		31 December		31 December	
	2021	2020	**2021**	2020	**2021**	2020
	JD	JD	**JD**	JD	**JD**	JD
Current and call accounts	**16,883,148**	12,273,440	**1,343,863**	3,281,714	**18,227,011**	15,555,154
	16,883,148	12,273,440	**1,343,863**	3,281,714	**18,227,011**	15,555,154

- There are no restricted cash balances as at 31 December 2021 and 2020.
- The balances with Banks and financial institutions are all current account to cover the operations of the Bank and there is no need to calculate a provision for expected credit loss according to the FAS (30).

- The movement on the balances with Banks and financial institutions is as follows:

	Stage 1	
	31 December 2021	31 December 2020
	JD	JD
Balances at the beginning of the year	**15,555,154**	18,802,906
New balances during the year	**5,035,128,558**	6,269,717,396
Paid balances	**(5,032,456,701)**	(6,272,965,148)
Balance at the end of the year	**18,227,011**	15,555,154

6. Deferred Sales Receivables and other Receivables - Net

The details for this item as follow:

	Joint		Self-financed		Total	
	31 December		31 December		31 December	
	2021	2020	**2021**	2020	**2021**	2020
	JD	JD	**JD**	JD	**JD**	JD
Retail						
Murabaha to the purchase orderer	**340,448,734**	306,608,693	**-**	-	**340,448,734**	306,608,693
Receivables – Ijara Muntahia Bittamleek	**1,874,999**	2,624,846	**-**	-	**1,874,999**	2,624,846
Ju'alah guarantees	**10,989,783**	8,486,013	**-**	-	**10,989,783**	8,486,013
Real estate financing	**150,131,758**	150,726,306	**-**	-	**150,131,758**	150,726,306
Corporates						
International Murabaha	**177,262,662**	133,503,299	**459,160**	456,490	**177,721,822**	133,959,789
Murabaha to purchase order	**249,902,852**	221,312,385	**2,496,485**	2,903,479	**252,399,337**	224,215,864
Receivables – Ijara Muntahia Bittamleek	**1,627,943**	1,047,679	**-**	-	**1,627,943**	1,047,679
Paid receivables- guarantees	**-**	-	**5,579**	15,655	**5,579**	15,655
Ju'alah guarantees	**-**	1,924	**-**	-	**-**	1,924
Small and Medium Enterprises						
Murabaha to purchase order	**79,418,047**	103,618,579	**2,935**	-	**79,420,982**	103,618,579
Receivables – Ijara Muntahia Bittamleek	**1,239,333**	858,438	**16,972**	3,748	**1,256,305**	862,186
Paid guarantees	**-**	-	**67,535**	-	**67,535**	-
Ju'alah guarantees	**21,666**	24,530	**-**	-	**21,666**	24,530
Total	**1,012,917,777**	928,812,692	**3,048,666**	3,379,372	**1,015,966,443**	932,192,064
Less: deferred revenue	**59,705,751**	60,503,939	**41**	184	**59,705,792**	60,504,123
Expected credit loss provision	**26,857,888**	31,863,862	**3,020,643**	3,273,552	**29,878,531**	35,137,414
Revenues in suspense	**2,383,159**	2,321,875	**18,718**	17,085	**2,401,877**	2,338,960
Net deferred sales receivables and other receivables	**923,970,979**	834,123,016	**9,264**	88,551	**923,980,243**	834,211,567

Expected credit loss Provision for Deferred Sales Receivables, and Al-Qard Al-Hasan - Self

The following is the movement on the expected credit losses:

2021	Retail	Corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD
Balance at the beginning of the year	**663,835**	**3,195,754**	**170,521**	**4,030,110**
Expected credit losses provision	-	**489,723**	-	**489,723**
Recoveries from ECL	-	**(302,676)**	-	**(302,676)**
Bad debts	-	**(3,463)**	-	**(3,463)**
Settlements during the year	**74,042**	**(145,505)**	**71,463**	-
Balance at the end of the year	**737,877**	**3,233,833**	**241,984**	**4,213,694**
Provision for ECL of non- performing sales receivables stage3 on individual customer basis	**673,391**	**2,944,045**	**241,186**	**3,858,622**
Provision for ECL of watch-list sales receivables- stage2 on individual customer basis	**15,728**	**2,493**	**77**	**18,298**
Provision for ECL on performing sales receivable- stage1 on individual customer basis	**48,758**	**287,295**	**721**	**336,774**
Balance at the end of the year	**737,877**	**3,233,833**	**241,984**	**4,213,694**

2020				
Balance at the beginning of the year	608,747	3,341,488	213,601	4,163,836
Expected credit losses provision	27,084	71,564	-	98,648
Recoveries from ECL	(43,027)	(141,856)	(47,491)	(232,374)
Settlements during the year	71,031	(75,442)	4,411	-
Balance at the end of the year	663,835	3,195,754	170,521	4,030,110
Provision for ECL of non- performing sales receivables stage3 on individual customer basis	608,465	3,188,379	165,976	3,962,820
Provision for ECL of watch-list sales receivables- stage2 on individual customer basis	27,887	4,424	1,455	33,766
Provision for ECL on performing sales receivable- stage1 on individual customer basis	27,483	2,951	3,090	33,524
Balance at the end of the year	663,835	3,195,754	170,521	4,030,110

- The total provisions prepared for debts calculated on individual customer basis have been disclosed.
- Provisions no longer required due to settlements or re-payment of debts and transferred against receivables and other finances amounted to JD 302,676 as at 31 December 2021 (JD 232,374 as at 31 December 2020).
- Subsequent to the issuance of the amending Law of Banking Law No. 28 of 2000 on April 1, 2019, Article 13, which rejected Article 55 of the deduction for the Investment Risks Fund and to keep the Fund's surplus as a provision for facing expected future investment risks, all provisions that were no longer needed as a result of settlements or payments were released Debt for Debt – Joint to Revenue.

Direct facilities at amortized cost according to Bank's internal rating as at 31 December 2021 as follows:

	Joint				Self				Total				
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	7,209,860	-	-	7,209,860	-	-	-	-	7,209,860	-	-	7,209,860	8,202,296
Acceptable	859,158,088	30,591,497	-	889,749,585	57,374,169	260,554	-	57,634,723	916,532,257	30,852,051	-	947,384,308	860,212,371
Watch list	-	30,942,402	-	30,942,402	-	61,402	-	61,402	-	31,003,804	-	31,003,804	26,146,423
Non-performing	-	-	25,310,179	25,310,179	-	-	3,877,443	3,877,443	-	-	29,187,622	29,187,622	30,098,186
Substandard	-	-	1,015,708	1,015,708	-	-	20,210	20,210	-	-	1,035,918	1,035,918	2,234,874
Doubtful	-	-	1,862,391	1,862,391	-	-	57,471	57,471	-	-	1,919,862	1,919,862	842,438
Bad debts	-	-	22,432,080	22,432,080	-	-	3,799,762	3,799,762	-	-	26,231,842	26,231,842	27,020,874
Total	866,367,948	61,533,899	25,310,179	953,212,026	57,374,169	321,956	3,877,443	61,573,568	923,742,117	61,855,855	29,187,622	1,014,785,594	924,659,276

The movement on balances of direct facilities loans at amortized cost as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	791,074,659	51,267,133	25,966,961	868,308,753	52,008,088	211,210	4,131,225	56,350,523	843,082,747	51,478,343	30,098,186	924,659,276	834,105,571
New facilities granted during the year	561,769,727	42,415,304	2,627,265	606,812,296	7,739,801	270,510	336,593	8,346,904	569,509,528	42,685,814	2,963,858	615,159,200	246,820,764
Settled facilities	(477,455,407)	(40,235,080)	(4,218,536)	(521,909,023)	(2,357,406)	(90,070)	(676,383)	(3,123,859)	(479,812,813)	(40,325,150)	(4,894,919)	(525,032,882)	(156,267,059)
Transferred to stage 1	5,205,659	(4,644,363)	(561,296)	-	47,447	(41,728)	(5,719)	-	5,253,106	(4,686,091)	(567,015)	-	-
Transferred to stage 2	(13,194,503)	14,807,936	(1,613,433)	-	(51,773)	52,879	(1,106)	-	(13,246,276)	14,860,815	(1,614,539)	-	-
Transferred to stage 3	(1,032,187)	(2,077,031)	3,109,218	-	(11,988)	(80,845)	92,833	-	(1,044,175)	(2,157,876)	3,202,051	-	-
Total balance at the end of the year	866,367,948	61,533,899	25,310,179	953,212,026	57,374,169	321,956	3,877,443	61,573,568	923,742,117	61,855,855	29,187,622	1,014,785,594	924,659,276

Following is the movement on expected credit loss provision as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	2,902,104	4,380,151	24,581,607	31,863,862	33,524	33,766	3,962,820	4,030,110	2,935,628	4,413,917	28,544,427	35,893,972	32,345,872
Provision for expected credit loss	-	-	-	-	297,280	2,961	189,482	489,723	297,280	2,961	189,482	489,723	98,648
Recoveries from expected credit loss provision	(1,516,932)	(3,254,594)	(2,255,795)	(7,027,321)	-	-	(302,676)	(302,676)	(1,516,932)	(3,254,594)	(2,558,471)	(7,329,997)	(3,379,860)
Bad debts	-	-	-	-	-	-	(3,463)	(3,463)	-	-	(3,463)	(3,463)	
Transferred to stage 1	503,289	(384,122)	(119,167)	-	7,519	(2,728)	(4,791)	-	510,808	(386,850)	(123,958)	-	-
Transferred to stage 2	(212,748)	361,627	(148,879)	-	(131)	556	(425)	-	(212,879)	362,183	(149,304)	-	-
Transferred to stage 3	(66,584)	(103,583)	170,167	-	(3,350)	(16,254)	19,604	-	(69,934)	(119,837)	189,771	-	-
Adjustments during the year	116,448	623,704	1,281,195	2,021,347	1,932	(3)	(1,929)	-	118,380	623,701	1,279,266	2,021,347	6,829,312
Total balance at the end of year	1,725,577	1,623,183	23,509,128	26,857,888	336,774	18,298	3,858,622	4,213,694	2,062,351	1,641,481	27,367,750	31,071,582	35,893,972

Direct credit facilities at amortized cost according to Bank's internal rating – Large corporates as at 31 December 2021 as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	2,501,955	-	-	2,501,955	-	-	-	-	2,501,955	-	-	2,501,955	3,878,960
Acceptable	360,013,630	24,853,013	-	384,866,643	1,255,812	22,645	-	1,278,457	361,269,442	24,875,658	-	386,145,100	311,366,008
Watch list	-	19,795,309	-	19,795,309	-	51,352	-	51,352	-	19,846,661	-	19,846,661	18,906,643
Non-performing debt	-	-	14,286,942	14,286,942	-	-	2,961,314	2,961,314	-	-	17,248,256	17,248,256	19,223,856
Substandard	-	-	-	-	-	-	-	-	-	-	-	-	677,308
Doubtful	-	-	25,890	25,890	-	-	-	-	-	-	25,890	25,890	-
Bad debts	-	-	14,261,052	14,261,052	-	-	2,961,314	2,961,314	-	-	17,222,366	17,222,366	18,546,548
Total	362,515,585	44,648,322	14,286,942	421,450,849	1,255,812	73,997	2,961,314	4,291,123	363,771,397	44,722,319	17,248,256	425,741,972	353,375,467

Following is the movement on direct credit facilities at amortized cost – large corporates as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	301,798,965	31,007,218	15,867,072	348,673,255	1,334,330	11,098	3,356,784	4,702,212	303,133,295	31,018,316	19,223,856	353,375,467	361,312,665
New facilities granted during the year	330,680,832	32,215,648	336,888	363,233,368	46,781	27,123	6,850	80,754	330,727,613	32,242,771	343,738	363,314,122	34,223,448
Settled facilities	(261,733,226)	(27,853,393)	(869,155)	(290,455,774)	(78,442)	-	(413,401)	(491,843)	(261,811,668)	(27,853,393)	(1,282,556)	(290,947,617)	(42,160,646)
Transferred to stage 1	801,289	(801,289)	-	-	11	(11)	-	-	801,300	(801,300)	-	-	-
Transferred to stage 2	(9,032,275)	10,130,801	(1,098,526)	-	(46,868)	46,873	(5)	-	(9,079,143)	10,177,674	(1,098,531)	-	-
Transferred to stage 3	-	(50,663)	50,663	-	-	(11,086)	11,086	-	-	(61,749)	61,749	-	-
Total balance at the end of year	362,515,585	44,648,322	14,286,942	421,450,849	1,255,812	73,997	2,961,314	4,291,123	363,771,397	44,722,319	17,248,256	425,741,972	353,375,467

Following is the movement on expected credit loss– large corporates as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	1,660,012	2,242,291	18,201,046	22,103,349	2,951	4,424	3,188,379	3,195,754	1,662,963	2,246,715	21,389,425	25,299,103	23,207,441
Provision for expected credit loss	-	-	-	-	297,280	2,961	189,482	489,723	297,280	2,961	189,482	489,723	71,564
Recoveries from expected credit loss provision	(972,930)	(2,164,634)	(1,778,713)	(4,916,277)	-	-	(302,676)	(302,676)	(972,930)	(2,164,634)	(2,081,389)	(5,218,953)	(1,879,839)
	-	-	-	-	-	-	(3,463)	(3,463)	-	-	(3,463)	(3,463)	
Transferred to stage 1	143,789	(143,789)	-	-	1	(1)	-	-	143,790	(143,790)	-	-	-
Transferred to stage 2	(152,152)	183,723	(31,571)	-	(123)	123	-	-	(152,275)	183,846	(31,571)	-	-
Transferred to stage 3	-	(2,099)	2,099	-	-	(320)	320	-	-	(2,419)	2,419	-	-
Adjustments during the year	187,406	855,781	273,895	1,317,082	(12,814)	(4,694)	(127,997)	(145,505)	174,592	851,087	145,898	1,171,577	3,899,937
Total balance at the end of year	866,125	971,273	16,666,756	18,504,154	287,295	2,493	2,944,045	3,233,833	1,153,420	973,766	19,610,801	21,737,987	25,299,103

Direct credit facilities at amortized cost according to Bank's internal rating – Small and Medium Enterprises as at 31 December 2021 as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	3,217,213	-	-	3,217,213	-	-	-	-	3,217,213	-	-	3,217,213	3,210,115
Acceptable	59,547,274	2,939,691	-	62,486,965	127,756	9,633	-	137,389	59,675,030	2,949,324	-	62,624,354	90,439,217
Watch list	-	7,899,214	-	7,899,214	-	273	-	273	-	7,899,487	-	7,899,487	3,138,714
Non-performing debt	-	-	4,061,406	4,061,406	-	-	242,738	242,738	-	-	4,304,144	4,304,144	4,095,154
Substandard	-	-	354,729	354,729	-	-	281	281	-	-	355,010	355,010	199,518
Doubtful	-	-	114,215	114,215	-	-	7,090	7,090	-	-	121,305	121,305	78,140
Bad debts	-	-	3,592,462	3,592,462	-	-	235,367	235,367	-	-	3,827,829	3,827,829	3,817,496
Total	62,764,487	10,838,905	4,061,406	77,664,798	127,756	9,906	242,738	380,400	62,892,243	10,848,811	4,304,144	78,045,198	100,883,200

Following is the movement on direct credit facilities at amortized cost – Small and Medium Enterprises as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	85,669,171	10,980,104	3,929,178	100,578,453	125,708	13,063	165,976	304,747	85,794,879	10,993,167	4,095,154	100,883,200	60,602,554
New facilities granted during the year	40,686,062	7,729,918	981,880	49,397,860	248,344	9,692	90,264	348,300	40,934,406	7,739,610	1,072,144	49,746,160	49,339,783
Settled facilities	(62,198,599)	(8,866,013)	(1,246,903)	(72,311,515)	(246,127)	(13,004)	(13,516)	(272,647)	(62,444,726)	(8,879,017)	(1,260,419)	(72,584,162)	(9,059,137)
Transferred to stage 1	954,010	(954,010)	-	-	-	-	-	-	954,010	(954,010)	-	-	-
Transferred to stage 2	(2,167,610)	2,213,772	(46,162)	-	(158)	253	(95)	-	(2,167,768)	2,214,025	(46,257)	-	-
Transferred to stage 3	(178,547)	(264,866)	443,413	-	(11)	(98)	109	-	(178,558)	(264,964)	443,522	-	-
Total balance at the end of year	62,764,487	10,838,905	4,061,406	77,664,798	127,756	9,906	242,738	380,400	62,892,243	10,848,811	4,304,144	78,045,198	100,883,200

Following is the movement on expected credit loss – Small and Medium Enterprises as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	594,103	922,767	2,831,985	4,348,855	3,090	1,455	165,976	170,521	597,193	924,222	2,997,961	4,519,376	3,559,842
Recoveries from expected credit loss	(409,159)	(863,906)	-	(1,273,065)	-	-	-	-	(409,159)	(863,906)	-	(1,273,065)	(297,193)
Transferred to stage 1	36,019	(36,019)	-	-	-	-	-	-	36,019	(36,019)	-	-	-
Transferred to stage 2	(55,801)	59,977	(4,176)	-	-	-	-	-	(55,801)	59,977	(4,176)	-	-
Transferred to stage 3	(769)	(17,735)	18,504	-	-	-	-	-	(769)	(17,735)	18,504	-	-
Adjustments during the year	77,736	201,971	(320,180)	(40,473)	(2,369)	(1,378)	75,210	71,463	75,367	200,593	(244,970)	30,990	1,256,727
Total balance at the end of year	242,129	267,055	2,526,133	3,035,317	721	77	241,186	241,984	242,850	267,132	2,767,319	3,277,301	4,519,376

Direct credit facilities at amortized cost as internal rating of the Bank – Real estates as at 31 December 2021 as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	-	-	-	-	-	-	-	-	-	-	-	-	-
Acceptable	125,664,929	1,785,735	-	127,450,664	-	-	-	-	125,664,929	1,785,735	-	127,450,664	126,545,638
Watch list	-	2,141,204	-	2,141,204	-	-	-	-	-	2,141,204	-	2,141,204	3,005,054
Non-performing debt	-	-	3,669,904	3,669,904	-	-	-	-	-	-	3,669,904	3,669,904	3,019,248
Substandard	-	-	175,200	175,200	-	-	-	-	-	-	175,200	175,200	847,562
Doubtful	-	-	1,318,082	1,318,082	-	-	-	-	-	-	1,318,082	1,318,082	102,238
Bad debts	-	-	2,176,622	2,176,622	-	-	-	-	-	-	2,176,622	2,176,622	2,069,448
Total	125,664,929	3,926,939	3,669,904	133,261,772	-	-	-	-	125,664,929	3,926,939	3,669,904	133,261,772	132,569,940

Following is the movement on direct credit facilities at amortized cost – Real estates as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	**122,340,217**	**7,210,475**	**3,019,248**	**132,569,940**	-	-	-	-	**122,340,217**	**7,210,475**	**3,019,248**	**132,569,940**	129,925,005
Facilities granted during the year	**50,368,587**	**1,984,778**	**734,415**	**53,087,780**	-	-	-	-	**50,368,587**	**1,984,778**	**734,415**	**53,087,780**	40,628,401
Settled facilities	**(48,215,923)**	**(2,978,344)**	**(1,201,681)**	**(52,395,948)**	-	-	-	-	**(48,215,923)**	**(2,978,344)**	**(1,201,681)**	**(52,395,948)**	(37,983,466)
Transferred to stage 1	**2,030,673**	**(1,716,073)**	**(314,600)**	-	-	-	-	-	**2,030,673**	**(1,716,073)**	**(314,600)**	-	-
Transferred to stage 2	**(668,575)**	**916,585**	**(248,010)**	-	-	-	-	-	**(668,575)**	**916,585**	**(248,010)**	-	-
Transferred to stage 3	**(190,050)**	**(1,490,482)**	**1,680,532**	-	-	-	-	-	**(190,050)**	**(1,490,482)**	**1,680,532**	-	-
Total balance at the end of year	**125,664,929**	**3,926,939**	**3,669,904**	**133,261,772**	-	-	-	-	**125,664,929**	**3,926,939**	**3,669,904**	**133,261,772**	132,569,940

Following is the movement on expected credit loss – Real estates as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	**297,026**	**841,681**	**1,280,972**	**2,419,679**	-	-	-	-	**297,026**	**841,681**	**1,280,972**	**2,419,679**	2,327,648
Provision for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries from expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	(154,641)
Transferred to stage 1	**105,574**	**(56,842)**	**(48,732)**	-	-	-	-	-	**105,574**	**(56,842)**	**(48,732)**	-	-
Transferred to stage 2	**(2,994)**	**12,392**	**(9,398)**	-	-	-	-	-	**(2,994)**	**12,392**	**(9,398)**	-	-
Transferred to stage 3	**(49)**	**(56,174)**	**56,223**	-	-	-	-	-	**(49)**	**(56,174)**	**56,223**	-	-
Adjustments during the year	**(243,779)**	**(631,690)**	**611,652**	**(263,817)**	-	-	-	-	**(243,779)**	**(631,690)**	**611,652**	**(263,817)**	246,672
Total balance at the end of year	**155,778**	**109,367**	**1,890,717**	**2,155,862**	-	-	-	-	**155,778**	**109,367**	**1,890,717**	**2,155,862**	2,419,679

Direct credit facilities at amortized cost according to Bank's internal rating – Retail as at 31 December 2021 as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	1,490,692	-	-	1,490,692	-	-	-	-	1,490,692	-	-	1,490,692	1,113,221
Acceptable	313,932,255	1,013,058	-	314,945,313	55,990,601	228,276	-	56,218,877	369,922,856	1,241,334	-	371,164,190	331,861,508
Watch list	-	1,106,675	-	1,106,675	-	9,777	-	9,777	-	1,116,452	-	1,116,452	1,096,012
Non-performing debt	-	-	3,291,927	3,291,927	-	-	673,391	673,391	-	-	3,965,318	3,965,318	3,759,928
Substandard	-	-	485,779	485,779	-	-	19,929	19,929	-	-	505,708	505,708	510,486
Doubtful	-	-	404,204	404,204	-	-	50,381	50,381	-	-	454,585	454,585	662,060
Bad debts	-	-	2,401,944	2,401,944	-	-	603,081	603,081	-	-	3,005,025	3,005,025	2,587,382
Total	315,422,947	2,119,733	3,291,927	320,834,607	55,990,601	238,053	673,391	56,902,045	371,413,548	2,357,786	3,965,318	377,736,652	337,830,669

Following is the movement on direct credit facilities at amortized cost – Retail as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	281,266,306	2,069,336	3,151,463	286,487,105	50,548,050	187,049	608,465	51,343,564	331,814,356	2,256,385	3,759,928	337,830,669	282,265,347
Granted facilities during the year	140,034,246	484,960	574,082	141,093,288	7,444,676	233,695	239,479	7,917,850	147,478,922	718,655	813,561	149,011,138	122,629,132
Settled facilities	(105,307,659)	(537,330)	(900,797)	(106,745,786)	(2,032,837)	(77,066)	(249,466)	(2,359,369)	(107,340,496)	(614,396)	(1,150,263)	(109,105,155)	(67,063,810)
Transferred to stage 1	1,419,687	(1,172,991)	(246,696)	-	47,436	(41,717)	(5,719)	-	1,467,123	(1,214,708)	(252,415)	-	-
Transferred to stage 2	(1,326,043)	1,546,778	(220,735)	-	(4,747)	5,753	(1,006)	-	(1,330,790)	1,552,531	(221,741)	-	-
Transferred to stage 3	(663,590)	(271,020)	934,610	-	(11,977)	(69,661)	81,638	-	(675,567)	(340,681)	1,016,248	-	-
Total balance at the end of year	315,422,947	2,119,733	3,291,927	320,834,607	55,990,601	238,053	673,391	56,902,045	371,413,548	2,357,786	3,965,318	377,736,652	337,830,669

Following is the movement on expected credit loss – Retail as at 31 December 2021:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	**350,963**	**373,412**	**2,267,604**	**2,991,979**	**27,483**	**27,887**	**608,465**	**663,835**	**378,446**	**401,299**	**2,876,069**	**3,655,814**	3,250,941
Provision for expected credit loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	27,084
Recoveries from expected credit loss	**(134,843)**	**(226,054)**	**(477,082)**	**(837,979)**	**-**	**-**	**-**	**-**	**(134,843)**	**(226,054)**	**(477,082)**	**(837,979)**	(1,048,187)
Transferred to stage 1	**217,907**	**(147,472)**	**(70,435)**	**-**	**7,518**	**(2,727)**	**(4,791)**	**-**	**225,425**	**(150,199)**	**(75,226)**	**-**	-
Transferred to stage 2	**(1,801)**	**105,535**	**(103,734)**	**-**	**(8)**	**433**	**(425)**	**-**	**(1,809)**	**105,968**	**(104,159)**	**-**	-
Transferred to stage 3	**(65,766)**	**(27,575)**	**93,341**	**-**	**(3,350)**	**(15,934)**	**19,284**	**-**	**(69,116)**	**(43,509)**	**112,625**	**-**	-
Adjustments during the year	**95,085**	**197,642**	**715,828**	**1,008,555**	**17,115**	**6,069**	**50,858**	**74,042**	**112,200**	**203,711**	**766,686**	**1,082,597**	1,425,976
Total balance at the end of year	**461,545**	**275,488**	**2,425,522**	**3,162,555**	**48,758**	**15,728**	**673,391**	**737,877**	**510,303**	**291,216**	**3,098,913**	**3,900,432**	3,655,814

Revenue in Suspense

The following is the movement on the revenue in suspense:

	Self					
	Small and Medium Enterprises		Corporates		Total	
	31 December		31 December		31 December	
	2021	2020	**2021**	2020	**2021**	2020
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**-**	6,067	**17,085**	16,968	**17,085**	23,035
Add: Revenue suspended during the year	**1,490**	21,258	**143**	117	**1,633**	21,375
Less: Revenue in suspense transferred to income	**-**	(27,325)	**-**	-	**-**	(27,325)
Balance at the end of the year	**1,490**	-	**17,228**	17,085	**18,718**	17,085

	Joint				
			Corporates		
2021	Retail	Real estate finances	Large	Small and medium enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**492,250**	**279,380**	**964,276**	**585,969**	**2,321,875**
Add: Revenue suspended during the year	**256,784**	**52,160**	**18,886**	**173,215**	**501,045**
Less: Revenue in suspense transferred to income	**(134,669)**	**(52,423)**	**(153,719)**	**(98,950)**	**(439,761)**
settlements	**-**	**-**	**(45,019)**	**45,019**	**-**
Balance at the end of the year	**614,365**	**279,117**	**784,424**	**705,253**	**2,383,159**
2020					
Balance at the beginning of the year	287,178	158,260	1,132,256	410,035	1,987,729
Add: Revenue suspended during the year	375,307	226,449	495,356	389,985	1,487,097
Less: Revenue in suspense transferred to income	(172,509)	(84,465)	(678,392)	(217,585)	(1,152,951)
settlements	2,274	(20,864)	15,056	3,534	-
Balance at the end of the year	492,250	279,380	964,276	585,969	2,321,875

Non-performing Deferred sales receivables, other receivables and Al-Qard Al-Hasan loans amounted to JD 29,187,622 which represents 2,7% of deferred sales receivables and other receivables and Al-Qard Al-Hasan loans balance for the year compared to JD 30,098,186, which represents 3,05% of the granted balance as at 31 December 2020.

Non-performing deferred sales receivables, other receivables and Al-Qard Al-Hasan loans after deducting the suspended revenues amounted to JD 26,785,745 which represents 2,5% of deferred sales receivables and other receivables and Al-Qard Al-Hasan loans balance after deducting the suspended revenue for the year compared to JD 27,759,226 which represents 2,8% of the granted balance as at 31 December 2020.

The movement on expected credit loss as at 31 December 2021 as follows:

	Self					2020
Item (JD)	Corporates	Small and medium enterprises	Retail	Real estate finances	Total	Total
Balance at the beginning of the year	**3,195,754**	**170,521**	**663,835**	**-**	**4,030,110**	4,163,836
ECL for new facilities during the year	**489,723**	**-**	**-**	**-**	**489,723**	98,648
Recoveries from ECL for settled facilities	**(302,676)**	**-**	**-**	**-**	**(302,676)**	(232,374)
Bad debts	**(3,463)**	**-**	**-**	**-**	**(3,463)**	-
Transferred to stage 1	**1**	**-**	**7,518**	**-**	**7,519**	13,457
Transferred to stage 2	**123**	**-**	**433**	**-**	**556**	-
Transferred to stage 3	**320**	**-**	**19,284**	**-**	**19,604**	307
Effect on provision – as at end of year as a result of reclassification between three stages during a year	**444**	**-**	**27,235**	**-**	**27,679**	13,764
adjustments during the year	**(145,949)**	**71,463**	**46,807**	**-**	**(27,679)**	(13,764)
Balance at the end of the year	**3,233,833**	**241,984**	**737,877**	**-**	**4,213,694**	4,030,110

The movement on segmented expected credit loss as at 31 December 2021 – joint as follows:

	Joint					2020
Item (JD)	Corporates	Small and medium enterprises	Retail	Real estate finances	Total	Total
Balance at the beginning of the year	**22,103,349**	**4,348,855**	**2,991,979**	**2,419,679**	**31,863,862**	28,182,036
ECL for new facilities during the year	**-**	**-**	**-**	**-**	**-**	-
Recoveries from ECL for settled facilities	**(4,916,277)**	**(1,273,065)**	**(837,979)**	**-**	**(7,027,321)**	(3,147,486)
Transferred to stage 1	**143,789**	**36,019**	**217,907**	**105,574**	**503,289**	537,875
Transferred to stage 2	**183,723**	**59,977**	**105,535**	**12,392**	**361,627**	820,585
Transferred to stage 3	**2,099**	**18,504**	**93,341**	**56,223**	**170,167**	145,667
Effect on provision – as at end of year as a result of reclassification between three stages during a year	**329,611**	**114,500**	**416,783**	**174,189**	**1,035,083**	1,504,127
adjustments during the year	**987,471**	**(154,973)**	**591,772**	**(438,006)**	**986,264**	5,325,185
Balance at the end of the year	**18,504,154**	**3,035,317**	**3,162,555**	**2,155,862**	**26,857,888**	31,863,862

7. Deferred Sales Receivables through the Statement of Income

The sales receivables through the statement of income- self amounted to JD 6,513,267 and an impairment provision for sales receivables of JD 6,513,267 was taken.

8. Ijara Muntahia Bittamleek Assets - Net

The details of this item are as follows:

	Joint			Self- financed			Total		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
31 December 2021	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek Assets – Real estate	**1,019,278,629**	**(220,683,749)**	**798,594,880**	**322,882**	**(9,076)**	**313,806**	**1,019,601,511**	**(220,692,825)**	**798,908,686**
Ijara Muntahia Bittamleek Assets – Machinery	**9,215,272**	**(508,032)**	**8,707,240**	**-**	**-**	**-**	**9,215,272**	**(508,032)**	**8,707,240**
Total	**1,028,493,901**	**(221,191,781)**	**807,302,120**	**322,882**	**(9,076)**	**313,806**	**1,028,816,783**	**(221,200,857)**	**807,615,926**
31 December 2020									
Ijara Muntahia Bittamleek Assets – Real estate	934,450,772	(213,904,878)	720,545,894	322,882	-	322,882	934,773,654	(213,904,878)	720,868,776
Ijara Muntahia Bittamleek Assets – Machinery	9,215,272	(416,042)	8,799,230	-	-	-	9,215,272	(416,042)	8,799,230
Total	943,666,044	(214,320,920)	729,345,124	322,882	-	322,882`	943,988,926	(214,320,920)	729,668,006

Total due Ijara installments amounted to JD 4,759,247 as at 31 December 2021 (JD 4,534,711 as at 31 December 2020). Moreover, due Ijara balances were disclosed within the deferred sales receivables and other receivables (Note 6).

Non-performing Ijara Muntahia Bittamleek amounted to JD 2,341,131 which represents 0,3% of Ijara Muntahia Bittamleek balance as at 31 December 2021 (JD 1,919,942 which represents 0,3% as at 31 December 2020).

Non-performing Ijara Muntahia Bittamleek after deducting revenue in suspense amounted to JD 1,060,441 representing 0,1% of the balance of Ijara Muntahia Bittamleek balance as at 31 December 2021 (JD 710,746 which represents 0,1% as at 31 December 2020).

9. Financial Assets at Fair Value Through Shareholders' Equity- self

The details for this item as follow:

	31 December	
	2021	2020
	JD	JD
Quoted financial assets		
Investment portfolios managed by other parties *	**5,842,911**	5,629,892
Total financial Assets at fair value through shareholders' equity	**5,842,911**	5,629,892

* This item represents the investment portfolios managed by Al-Arabi Investment Group Company and includes external shares, Islamic Sukuk and International Murabaha.

- There was no transfer to retained earnings under shareholders' equity related to financial assets through shareholders' equity - self.

10. Financial Assets at Fair Value Through Joint Investment Accounts Holder's Equity

The details for this item as follow:

	31 December	
	2021	2020
	JD	JD
Unquoted financial assets		
Companies shares *	**3,914,687**	3,239,246
Total	**3,914,687**	3,239,246

* This represents Bank's share in establishing the following companies:

-Jordan payment and clearing company.

-Jordanian Islamic Banks Co. for Investment.

- Islamic Banks group Co. for SMEs contribution.

- Jordan investment fund co.

11. Financial Assets at Amortized Costs – Net

The details for this item as follow:

	Joint	
	31 December	
	2021	2020
	JD	JD
Islamic Sukuk - quoted	**27,478,185**	34,235,929
Islamic Sukuk - unquoted	**-**	3,893,200
Expected credit loss	**(745,396)**	(765,218)
Total	**26,732,789**	37,363,911

The above assets have fixed and determinable payments and mature within 6 years.

The investments at amortized cost according to the Bank's internal rating as at 31 December 2021 are as follows:

Item	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD
Low risk	**14,420,785**	**-**	**-**	**14,420,785**	14,336,012
Acceptable	**3,545,326**	**9,512,074**	**-**	**13,057,400**	23,793,117
Under watch debt	**-**	**-**	**-**	**-**	-
Non-working debt	**-**	**-**	**-**	**-**	-
Substandard	**-**	**-**	**-**	**-**	-
Doubtful	**-**	**-**	**-**	**-**	-
Bad debts	**-**	**-**	**-**	**-**	-
Total	**17,966,111**	**9,512,074**	**-**	**27,478,185**	38,129,129

The movement on investments as at end of year:

Item	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**28,521,266**	**9,607,863**	**-**	**38,129,129**	33,426,515
New investments	**7,520,257**	**-**	**-**	**7,520,257**	6,825,756
Matured investments/ amortization during the year	**(18,075,412)**	**(95,789)**	**-**	**(18,171,201)**	(2,123,142)
Transferred to stage 1	**-**	**-**	**-**	**-**	-
Transferred to stage 2	**-**	**-**	**-**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	-
Balance at the end of the year	**17,966,111**	**9,512,074**	**-**	**27,478,185**	38,129,129

The movement on expected credit loss provision in aggregation form as at end of year was as follows:

Item	Stage 1	Stage 2	Stage 3	Total	2020
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**134,487**	**630,731**	-	**765,218**	83,770
New investments	-	-	-	-	-
Recoveries from ECL on matured Investments	**(18,138)**	**(103,280)**	-	**(121,418)**	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Adjustments during the year	**101,596**	-	-	**101,596**	681,448
Balance at the end of the year	**217,945**	**527,451**	-	**745,396**	765,218

12. Investments in Real Estate

The details for this item as follow:

Investment in real estate for using purposes:

	Joint	
	31 December	
	2021	2020
	JD	JD
Investments in real estate	**26,767,652**	31,355,238
Accumulated depreciation	**(2,936,622)**	(2,991,668)
Impairment provision	**(4,842,356)**	(4,832,380)
Total	**18,988,674**	23,531,190

The movement on the investment in real estate portfolio during the year was as follows:

2021	Land	Buildings	Total
	JD	JD	JD
Cost			
Balance at the beginning of the year	**16,059,918**	**15,295,320**	**31,355,238**
Additions / Capitalization	**-**	**462,543**	**462,543**
Disposals	**(2,462,556)**	**(2,587,573)**	**(5,050,129)**
Balance at the end of the year	**13,597,362**	**13,170,290**	**26,767,652**
Accumulated Depreciation			
Accumulated depreciation at the beginning of the year	**-**	**(2,991,668)**	**(2,991,668)**
Depreciation of the year	**-**	**(172,836)**	**(172,836)**
Disposals	**-**	**227,882**	**227,882**
Accumulated depreciation at the end of the year	**-**	**(2,936,622)**	**(2,936,622)**
Impairment provision for real estate			
Impairment provision at the beginning of the year	**(4,655,507)**	**(176,873)**	**(4,832,380)**
Impairment of the year	**173,657**	**(183,633)**	**(9,976)**
Impairment provision at the end of the year	**(4,481,850)**	**(360,506)**	**(4,842,356)**
Net investment at the end of the year	**9,115,512**	**9,873,162**	**18,988,674**

2020	Land	Buildings	Total
Cost			
Balance at the beginning of the year	16,059,918	14,982,258	31,042,176
Additions / Capitalization	-	1,362,039	1,362,039
Disposals	-	(1,048,977)	(1,048,977)
Balance at the end of the year	16,059,918	15,295,320	31,355,238
Accumulated Depreciation			
Accumulated depreciation at the beginning of the year	-	(3,032,657)	(3,032,657)
Depreciation of the year	-	(128,731)	(128,731)
Disposals	-	169,720	169,720
Accumulated depreciation at the end of the year	-	(2,991,668)	(2,991,668)
Impairment provision for real estate			
Impairment provision at the beginning of the year	(4,655,507)	(176,873)	(4,832,380)
Impairment of the year	-	-	-
Impairment provision at the end of the year	(4,655,507)	(176,873)	(4,832,380)
Net investment at the end of the year	11,404,411	12,126,779	23,531,190

- The buildings within the above real estate portfolio are depreciated on a straight-line basis, at a depreciation rate of 2%.

-The fair value of investments in real estate portfolio amounted to JD 22,257,996 as at 31 December 2021 (JD 26,420,994 as at 31 December 2020).

-The fair value for investment in real estate based on the average of valuations which was performed by independent valuators which has professional qualifications and proper experience to evaluate the place and value of a real estate as at 31 December 2021 and 31 December 2020, the fair value has been determined depending on new market dealings also the valuations of the valuators and their professional judgement.

-There are no burdens, pledges, or restrictions on the title deeds related to the real estate.

-The real estate within a portfolio is evaluated separately and an impairment provision is calculated for the real estates that is impaired.

13. Property and Equipment - Net

The details for this item as follow:

2021	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Improvements & Decorations	Total
	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance at the beginning of the year	**7,152,508**	**4,818,668**	**7,462,300**	**336,508**	**7,428,679**	**11,364,509**	**38,563,172**
Additions	**321,725**	**1,062,965**	**765,721**	**-**	**1,286,701**	**1,246,059**	**4,683,171**
Disposals	**-**	**-**	**(225,127)**	**-**	**(279,320)**	**(345,037)**	**(849,484)**
Balance at the end of the year	**7,474,233**	**5,881,633**	**8,002,894**	**336,508**	**8,436,060**	**12,265,531**	**42,396,859**
Accumulated Depreciation							
Accumulated depreciation at the beginning of the year	**-**	**1,688,752**	**5,362,014**	**182,537**	**5,860,100**	**10,244,843**	**23,338,246**
Depreciation of the year	**-**	**105,854**	**563,867**	**51,854**	**906,909**	**534,027**	**2,162,511**
Disposals	**-**	**-**	**(201,341)**	**-**	**(269,776)**	**(344,936)**	**(816,053)**
Accumulated depreciation at the end of the year	**-**	**1,794,606**	**5,724,540**	**234,391**	**6,497,233**	**10,433,934**	**24,684,704**
Net Book value for property and equipment	**7,474,233**	**4,087,027**	**2,278,354**	**102,117**	**1,938,827**	**1,831,597**	**17,712,155**
Projects under process	**-**	**81,640**	**-**	**-**	**483,729**	**78,249**	**643,618**
Net Property and Equipment at the end of the year	**7,474,233**	**4,168,667**	**2,278,354**	**102,117**	**2,422,556**	**1,909,846**	**18,355,773**

2020	Land	Buildings	Furniture, Fixtures and Equipment	Vehicles	Computers	Improvements & Decorations	Total
Cost							
Balance at the beginning of the year	7,152,508	4,818,668	7,484,592	336,508	7,110,290	11,680,316	38,582,882
Additions	-	-	262,998	-	639,985	340,003	1,242,986
Disposals	-	-	(285,290)	-	(321,596)	(655,810)	(1,262,696)
Balance at the end of the year	7,152,508	4,818,668	7,462,300	336,508	7,428,679	11,364,509	38,563,172
Accumulated Depreciation							
Accumulated depreciation at the beginning of the year	-	1,590,657	5,066,050	126,304	5,274,821	10,351,915	22,409,747
Depreciation of the year	-	98,095	571,959	56,233	906,158	548,646	2,181,091
Disposals	-	-	(275,995)	-	(320,879)	(655,718)	(1,252,592)
Accumulated depreciation at the end of the year	-	1,688,752	5,362,014	182,537	5,860,100	10,244,843	23,338,246
Net Book value for property and equipment	7,152,508	3,129,916	2,100,286	153,971	1,568,579	1,119,666	15,224,926
Projects under process	-	81,640	-	-	17,811	476,962	576,413
Net Property and Equipment at the end of the year	7,152,508	3,211,556	2,100,286	153,971	1,586,390	1,596,628	15,801,339
Depreciation Rate %	-	2	2-15	20	25	15	

The cost of fully depreciated property and equipment amounted to JD 14,898,398 as at 31 December 2021 (JD 13,344,772 as at 31 December 2020).

14. Intangible Assets – Net

The details for this item as follow:

	Systems and Software	
	2021	2020
	JD	JD
Balance at the beginning of the year	**975,473**	1,109,708
Additions	**1,073,114**	204,051
Amortization for the year	**(391,725)**	(338,286)
Balance at the end of the year	**1,656,862**	975,473
Amortization rate %	**25**	25

15. Right of use assets and lease liability

The movement of right of use assets and lease liability – long term was as follows:

	31 December 2021		31 December 2020	
	Right of use assets	Lease liability	Right of use assets	Lease liability
	JD	**JD**	JD	JD
Balance at the beginning of the year	**5,630,216**	**4,752,471**	5,708,265	4,800,214
Addition during the year	**2,559,792**	**2,479,792**	1,122,688	1,002,688
Amortization during the year (note 45)	**(1,184,068)**	**-**	(1,200,737)	-
Finance costs (note 45)	**-**	**127,847**	-	138,334
Paid during the year	**-**	**(1,418,984)**	-	(1,188,765)
Balance as at the end of the year	**7,005,940**	**5,941,126**	5,630,216	4,752,471

16. Other Assets

The details for this item as follow:

	31 December	
	2021	2020
	JD	JD
Clearing cheques	**5,317,194**	103,009
Prepaid expenses	**1,984,424**	964,834
Accrued revenue	**243,939**	346,398
Foreclosed Assets – Net *	**18,913,549**	18,208,692
Others	**986,257**	597,251
Total	**27,445,363**	20,220,184

The following is a summary of the movement on the foreclosed assets:

	31 December 2021				31 December 2020
	Land	Buildings	Other	Total	2020
	JD	**JD**	**JD**	**JD**	JD
Balance at the beginning of the year	**13,028,146**	**6,276,019**	**194,000**	**19,498,165**	6,040,607
Additions	**612,395**	**2,134,496**	-	**2,746,891**	13,559,408
Disposals	**(503,540)**	**(1,216,134)**	-	**(1,719,674)**	(101,850)
Total	**13,137,001**	**7,194,381**	**194,000**	**20,525,382**	19,498,165
Repossessed assets / Impairment provision **	**(1,443,573)**	**(168,260)**	-	**(1,611,833)**	(1,289,473)
Balance at the end of the year *	**11,693,428**	**7,026,121**	**194,000**	**18,913,549**	18,208,692

* The balance of assets owned by the Bank represents expropriated real estate in repayment of bad debts, which the Bank is prohibited from disposing of for a period of one year from the date of registering the property in the name of the Bank.

The instructions of the Central Bank of Jordan require the disposal of real estate whose ownership has been transferred to the Bank within a maximum period of two years from the date of transfer, and the Central Bank of Jordan may, in exceptional cases, extend this period for a maximum of two consecutive years.

* * Impairment losses of expropriated real estate include an impairment provision against expropriated real estate against debts of JD 253,553 as on 31 December 2021 (JD 85,563 as on 31 December 2020) according to the Central Bank of Jordan letter No. 2510/1/10 dated 14 February 2017 and its amendments.

17.Banks and Financial Institutions Accounts

The details for this item as follow:

	31 December					
	2021			2020		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	**JD**	**JD**	JD	JD	JD
Current and call accounts	-	**1,645,562**	**1,645,562**	-	261,513	261,513
Total	-	**1,645,562**	**1,645,562**	-	261,513	261,513

18. Customers' Current Accounts

The details for this item as follow:

	Retail	Corporates	Small and medium enterprises	Government and public sector	Total
31 December 2021	JD	JD	JD	JD	JD
Current accounts	**614,724,098**	**47,814,272**	**114,321,749**	**3,420,405**	**780,280,524**
Total	**614,724,098**	**47,814,272**	**114,321,749**	**3,420,405**	**780,280,524**
31 December 2020					
Current accounts	575,513,576	44,204,803	98,494,205	2,981,995	721,194,579
Total	575,513,576	44,204,803	98,494,205	2,981,995	721,194,579

Government of Jordan and public sector deposits inside Jordan amounted to JD 3,420,405 as at 31 December 2021, representing 0,43% of the total customers' current accounts (JD 2,981,995 as at 31 December 2020, representing 0,41%).

Restricted deposits amounted to JD 4,000,649 as at 31 December 2021, representing 0,5% of the total customers' current accounts (JD 4,303,465 as at 31 December 2020, representing 0,6%).

Dormant accounts amounted to JD 19,667,156 as at 31 December 2021 (JD 27,850,333 as at 31 December 2020).

19. Cash Margins

The details for this item as follow:

	31 December	
	2021	2020
	JD	JD
Cash margins against sales receivables and financings	**19,777,436**	20,899,291
Cash margins against indirect credit facilities	**8,795,492**	5,968,604
Other cash margins	**3,795,872**	3,763,997
Total	**32,368,800**	30,631,892

- The Bank distributed an amount of JD 394,815 to the insurance account holders participating in the profit as at 31 December 2021 (JD 566,289 as at 31 December 2020).

20. Other Provisions

The movement on other provisions is as follows:

	Balance at the beginning of the year	Provision for the year	Paid during the year	Balance at the end of the year
2021	JD	JD	JD	JD
Provision for end-of-service indemnity	**3,463,844**	**422,530**	**(244,567)**	**3,641,807**
Provision for lawsuits against the Bank	**82,000**	**-**	**-**	**82,000**
Total	**3,545,844**	**422,530**	**(244,567)**	**3,723,807**
2020				
Provision for end-of-service indemnity	3,230,953	366,795	(133,904)	3,463,844
Provision for lawsuits against the Bank	17,267	64,733	-	82,000
Total	3,248,220	431,528	(133,904)	3,545,844

21. Income Tax

a. Provision for Income Tax

The movement on income tax provision is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	**11,359,095**	10,737,299
Income tax paid during the year	**(14,337,412)**	(13,886,191)
Income tax payable for the year	**14,524,250**	14,507,987
Balance at the end of the year	**11,545,933**	11,359,095

b. Income tax appearing in the Statement of Income represents the following:

	2021	2020
	JD	JD
Income tax payable for the year	14,524,250	14,507,987
Deferred tax assets for the year	(337,771)	(289,357)
Amortization of deferred tax assets	248,124	67,033
Total	14,434,603	14,285,663

A final settlement was reached with the Income and Sales Tax Department until the end of the year 2018. Moreover, the tax returns for the years 2019 and 2020 was submitted and has not yet been reviewed by the Income and Sales Tax Department.

The accrued income tax for the year ended 31 December 2021 and 2020 was calculated in accordance with the Income Tax Law in force.

In the opinion of the Management and the tax consultant, no additional provisions are required for the year ended 31 December 2021 and 2020.

c. Deferred Tax Assets / Liabilities – Self

	31 December 2021					31 December 2020
	Beginning balance	Released amounts	Added amounts	End of year balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets – Self						
Provision for end-of-service indemnity	3,463,844	(244,567)	422,530	3,641,807	1,383,887	1,316,261
Provisions for expected credit loss - self	1,401,587	(408,391)	466,342	1,459,538	554,624	532,603
Provision for fees for lawsuits against the Bank	82,000	-	-	82,000	31,160	31,160
impairment in the financial assets at fair value through shareholders' equity	2,727,786	-	-	2,727,786	1,036,559	1,036,559
Unacceptable tax expenses and deferred for coming years						
Effect of the implementation of expected credit loss provision standard	700,788	-	-	700,788	266,299	266,299
	8,376,005	(652,958)	888,872	8,611,919	3,272,529	3,182,882

Self-financed deferred tax assets of JD 3,272,529 as at 31 December 2021 resulted from time differences of the provision for end-of- service indemnity, provision for impairment in self – financings, provision for fees on lawsuits against the Bank, impairment in financial assets, and unacceptable tax expenses and deferred for years to come. These deferred tax assets were calculated at a tax rate of 35% in addition to 3% national contribution with a total of 38% and In the management's opinion, these tax benefits from profits will be utilized in the future.

d- Deferred Tax Liabilities - Self

	31 December 2021					31 December 2020
	Beginning balance	Released amounts	Added amounts	End of year balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Financial assets at fair value through shareholders' equity	**780,201**	**-**	**213,019**	**993,220**	**377,424**	296,477
	780,201	**-**	**213,019**	**993,220**	**377,424**	296,477

- The deferred tax liabilities of JD 377,424 as at 31 December 2021 (JD 296,477 as at 31 December 2020) resulted from gains from valuation of financial assets presented within the fair value reserve of shareholders' equity.

The movement on the deferred tax assets and liabilities – self is as follows:

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	**3,182,882**	**296,477**	2,960,558	291,552
Additions during the year	**337,771**	**80,947**	289,357	4,925
Amortized during the year	**(248,124)**	**-**	(67,033)	-
Balance at the end of the year	**3,272,529**	**377,424**	3,182,882	296,477

e. Summary of the Reconciliation between Accounting Income with Taxable Income:

	31 December 2021	31 December 2020
	JD	JD
Accounting Income	**48,152,349**	44,725,660
Add: Non-deductible tax expenses	**422,529**	431,528
Less: Tax-exempt Income	**(11,149,903)**	(12,393,436)
Other adjustments	**4,361,478**	9,252,134
Taxable Income	**41,786,453**	42,015,886
Declared income tax rate	**38%**	38%
Income Tax Provision - Net	**15,878,852**	15,966,037
Actual income tax rate	**30,1%**	32,4%
Attributable to:		
Declared provision – Bank	**14,524,250**	14,507,987
Declared provision – Mutual insurance fund *	**1,354,602**	1,458,050
	15,878,852	15,966,037

* The mutual insurance fund has been established to cover defaults on repayments due to death or total disability of the customers of sales receivables and financing as per the Fund's Articles of Association approved by the Central Bank of Jordan.

22. Other Liabilities

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Certified cheques	**8,518,668**	10,149,463
Promissory notes, bills of collection and inward transfers	**6,483,488**	7,375,746
Accrued and unpaid expenses	**708,093**	245,932
Customers' share of revenue from joint investments (saving and term deposit)	**1,518,621**	2,443,345
Customers' share of revenues from joint investments (cash margin)	**1,611**	8,331
Commissions received in advance	**301,013**	333,708
Temporary deposit's and others *	**21,501,268**	7,812,942
Expected credit loss (off Balance sheet)- self (note 56)	**846,038**	733,085
Expected credit loss (off Balance sheet)- joint (note 56)	**244,947**	344,863
Income tax of mutual insurance fund (Note 24/d)	**1,155,229**	1,220,810
Board of Directors' remunerations	**25,000**	25,000
	41,303,976	30,693,225

* This item includes intermediate accounts amounting to JD 13,416,642 as at 31 December 2021, (JD 2,876,695 as at 31 December 2020) representing accepted L/C's and deferred customers' bills that will be paid at their maturity date.

23. Unrestricted Investment Accounts

The details of this item are as follows:

	31 December 2021					
	Retail	Corporates	Small and medium enterprises	Government and public sector	Central Bank deposits **	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	**249,960,228**	**643,830**	**2,138,158**	**426**	**34,603,688**	**287,346,330**
Term deposits *	**851,604,519**	**113,821,207**	**70,203,610**	**280,186,434**	**27,141,860**	**1,342,957,630**
Total	**1,101,564,747**	**114,465,037**	**72,341,768**	**280,186,860**	**61,745,548**	**1,630,303,960**
Depositors' share of the investment returns	**20,990,556**	**3,911,789**	**2,018,846**	**7,550,041**	**10,358**	**34,481,590**
Total Joint Investment Accounts	**1,122,555,303**	**118,376,826**	**74,360,614**	**287,736,901**	**61,755,906**	**1,664,785,550**

	31 December 2020					
	Retail	Corporates	Small and medium enterprises	Government and public sector	Central Bank deposits **	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	234,569,118	172,218	1,910,642	424	45,231,120	281,883,522
Term deposits *	771,661,154	109,125,403	68,878,074	204,398,098	22,059,354	1,176,122,083
Total	1,006,230,272	109,297,621	70,788,716	204,398,522	67,290,474	1,458,005,605
Depositors' share of the investment returns	22,062,127	4,353,843	2,220,971	5,408,632	33,234	34,078,807
Total Joint Investment Accounts	1,028,292,399	113,651,464	73,009,687	209,807,154	67,323,708	1,492,084,412

* Term deposits include JD 22,425,494 as at 31 December 2021 (JD 18,661,901 as at 31 December 2020) net of tax. This item is the balance of the Mutual Insurance Fund established during 2013 to cover defaults on repayments of financings due to the death or total disability of the customers as per the Fund's Articles of Association approved by the Central Bank of Jordan (Note 24/d).

** Two investment agreements were signed with the Central Bank of Jordan on February 21, 2019, whereby cash funds are deposited by the Central Bank in two separate accounts, for savings and on behalf of the Central Bank of Jordan with the Bank, with participation rates agreed upon with the Central Bank of Jordan, so that these amounts are granted as financing to the clients of the sectors Specified within the two agreements with preferential returns under the approval of the Central Bank of Jordan and within its parameters stipulated in the agreement.

The joint investment accounts participate in profits based on the following:

- 30% from the monthly balance of saving accounts.
- 100% of the balance of the term accounts with a balance of more than 5 million dinars.
- 100% of the balance of the term accounts with a balance of one million dinars and more, and the period of linking them annually.
- 95% of the balance of term accounts with a balance of less than one million dinars, and the period of linking them is annually.
- 90% of the lowest balance of other term accounts.
- The general rate of profit on the Jordanian Dinar was 1,67% to 4,37% for the first half and from 1,84% to 4,81% for the second half for the year 2021, (1,75%to 4,31% and 1,65% to 4,49% in the previous year).
- The general rate of profit on USD for the first and second halves of the year 2021 was 0,294% to 0,737% and 0,292% to 0,730%, respectively (0,54% to 1,24% and 0,37% to 0,940% in the previous year).
- The restricted accounts amounted to JD 1,240,414 as at 31 December 2021 (JD 1,407,195 as at 31 December 2020).
- The joint investment accounts of the Government of Jordan and Public Sector inside the Jordan amounted to JD 287,736,901 as at 31 December 2021 at 17% of the total joint investment accounts (JD 209,807,154 as at 31 December 2020 14%).
- Dormant accounts amounted to JD 9,331,248 as at 31 December 2021 (JD 16,300,372 as at 31 December 2020).

24. Investment Risk Fund

a- The movement on the Investment Risk Fund is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	**4,036,823**	13,079,838
Add: transferred from investment risk fund – previous years	**1,164,543**	-
Less: released from provisions for expected credit losses	**(3,732,675)**	(9,043,015)
Balance at the end of the year	**1,468,691**	4,036,823

b - The movement of the expected credit losses provision is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	**39,095,796**	33,250,932
Less: released from provisions against expected credit losses (note 34)	**(7,361,509)**	
Transferred from investment risk fund – previous years	**(1,164,543)**	-
Add:		
Provision for expected credit losses - first stage	**479,449**	1,848,560
Provision for expected credit losses - second stage	**573,034**	3,630,249
Provision for expected credit losses - third stage	**2,347,857**	2,300,415
Impairment provision - real estate investment portfolio	**9,976**	-
Impairment provision – foreclosed assets	**322,359**	1,263,791
Total of added provisions (Note 34)	**3,732,675**	9,043,015
Total	**34,302,419**	39,095,796

The movement on the income tax provision of the Investment Risk Fund is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	-	384,283
Less: Income tax paid	-	(384,283)
Add: Accrued income tax for the year	-	-
Balance at the end of the year	-	-

c- Mutual Insurance Fund

The movement on the mutual insurance fund is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	**18,661,901**	15,530,258
Add: Fund investment profits for the year	**808,741**	690,134
Insurance installments received during the year	**5,621,331**	4,364,422
Less: fund income tax for the year	**(1,354,602)**	(1,458,050)
Administrative Expenses	**(1,800)**	(1,800)
Subscribers' compensation during the year	**(1,253,582)**	(414,401)
Financial stamp expenses during the year	**(56,495)**	(48,662)
Balance at the end of the year	**22,425,494**	18,661,901

d- The movement on the income tax of the mutual Insurance Fund is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the Year	**1,220,810**	1,036,134
Less: Income tax paid	**(1,420,183)**	(1,273,374)
Add: Accrued income tax for the year	**1,354,602**	1,458,050
Balance at the end of year	**1,155,229**	1,220,810

- The balance of Income tax of Mutual Insurance Fund is included in other liabilities (Note 22).
- A final settlement was reached with the Income and Sales Tax Department until the end of the year 2018. Moreover, the tax returns for the years 2019 and 2020 were submitted and have not yet been reviewed by the Income and Sales Tax Department.
- The Mutual Insurance Fund were prepared in accordance to paragraph No. (D/3) of article (54) of the Banking Law No. 28 for the year 2000.
- The Central Bank of Jordan's approval is required in case of any amendment to the Mutual Insurance Fund.
- In case the Mutual Insurance Fund ceases its activities, the funds shall be disbursed to the Zakat Banks according to the opinion of the Authority
- Compensation for participants to the fund is made as follows:
  - Participant's death.
  - Participant's total or permanent physical disability.

25. Paid-in Capital

The authorized and paid-in capital at the end of the fiscal year amounted to JD 100 million divided into 100 million shares, at a par value of JD 1 per share as at 31 December 2021 (100 million shares at a par value of JD 1 per share as at 31 December 2020).

26. Reserves and Dividends

Statutory Reserve

The accumulated amounts in this account are appropriated from the annual net income before tax at 10% in accordance with the Banks Law. This reserve may not be distributed to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent appropriations from annual net income before tax during the previous years at a rate not exceeding 20%. This reserve is used for the purposes of determined by the Board of Directors. Moreover, the General Assembly is entitled to distribute it in whole or in part as dividends to shareholders.

The restricted reserves are as follows:

	31 December		
	2021	2020	Nature of restriction
	JD	JD	
Statutory reserve	**44,548,730**	39,733,495	Requirement of the Law

Proposed Dividends to Shareholders

The Board of Directors recommended during its meeting No. (1) on 25 January 2022, to distribute JD 40 million to the sole shareholder (Arab Bank), equivalent to 40% of the authorized and paid-up capital from distributable retained earnings, subject to the approval of the Shareholders' General Assembly and the Central Bank of Jordan.

27. Fair Value Reserve – Net

The details of this item are as follows:

	Joint		Self	
	31 December		31 December	
	2021	2020	**2021**	2020
	JD	JD	JD	JD
Financial assets at fair value	**(398,306)**	(311,461)	**615,796**	483,724
Balance at the end of the year	**(398,306)**	(311,461)	**615,796**	483,724

The movement on the fair value reserve was as follows:

	Joint		Self	
	2021	2020	**2021**	2020
	JD	JD	JD	JD
Balance at the beginning of the year	**(311,461)**	(153,767)	**483,724**	475,688
Unrealized (losses) gains	**(86,845)**	(157,694)	**213,019**	12,960
Deferred tax liabilities	**-**	-	**(80,947)**	(4,924)
Balance at the end of the year	**(398,306)**	(311,461)	**615,796**	483,724

The fair value reserve is stated at net (after deducting deferred tax liabilities-self) amounted to JD 615,796 as at 31 December 2021 (JD 483,724 as at 31 December 2020).

The negative fair value reserve for financial assets at fair value through joint investment account holder's equity amounted to JD 398,306 as at 31 December 2021 (JD 311,461 as at 31 December 2020).

28. Retained Earnings

The movement on retained earnings is as follows:

	31 December 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	**100,166,371**	74,198,940
Profit for the year	**33,717,746**	30,439,997
Transferred to the statutory reserve	**(4,815,235)**	(4,472,566)
Dividends profit *	**(12,000,000)**	-
Balance at the end of the year	**117,068,882**	100,166,371

* On 22 April 2021, the General Assembly of Shareholders approved the distribution of cash dividends of JD 12,000,000 to the sole shareholder (Arab Bank plc.), representing 12% of the authorized and paid in capital from distributable retained earnings for the year 2021 (Nothing for 2020 as CBJ regulations).

29. Deferred Sales Revenue

The details of this item are as follows:

	Joint	
	2021	2020
	JD	JD
Retail		
Murabaha to purchase order	**18,768,565**	16,822,975
Real estate financings	**9,038,298**	9,670,740
Large Corporate		
International Murabaha	**236,386**	902,423
Murabaha to purchase order	**13,264,480**	13,192,526
Small and Medium Enterprises		
Murabaha to purchase order	**4,382,915**	5,282,295
Total	**45,690,644**	45,870,959

30. Revenue from Financial Assets at Amortized Costs

The details of this item are as follows:

	Joint	
	2021	2020
	JD	JD
Islamic Sukuk	**1,200,868**	1,419,555
	1,200,868	1,419,555

31. Net Income from Investment in Real Estate

The details of this item are as follows:

	Joint	
	2021	2020
	JD	JD
Acquired for Utilization		
Real estate rents	**420,712**	410,649
Gain from sale of real estate	**490,059**	62,586
Other expenses		
Rental income generating expenses	**(251,681)**	(244,558)
Non-Rental income generating expenses	**(4,040)**	(1,488)
Depreciation of buildings	**(172,836)**	(128,731)
	482,214	98,458

Buildings within the real estate portfolio are depreciated according to the straight-line method at a rate of 2%.

32. Revenue from Ijara Muntahia Bittamleek Assets

The details of this item are as follows:

	Joint		Self	
	2021	2020	**2021**	2020
	JD	JD	**JD**	JD
Ijara Muntahia Bittamleek – Real estate	**115,593,649**	112,416,956	**42,445**	24,159
Ijara Muntahia Bittamleek – Machinery	**1,928,563**	272,785	**-**	-
Depreciation of Ijara Muntahia Bittamleek assets	**(64,273,958)**	(62,153,624)	**-**	-
Total	**53,248,254**	50,536,117	**42,445**	24,159

33. Ju'alah commissions

The details of this item are as follows:

	Joint	
	2021	2020
	JD	JD
Ju'alah commissions (Bargaining)	**1,120,869**	935,843
	1,120,869	935,843

34 . Recoveries from expected credit losses provision

The details of this item are as follows:

	Joint	
	2021	2020
	JD	JD
Provisions recovered to revenues from expected future losses (formerly the Investment Risk Facility Fund)	**11,094,184**	12,241,166
Provisions for future losses expected (Note 24 / b)	**(3,732,675)**	(9,043,015)
Net recovered provisions	**7,361,509**	3,198,151

35 . Deposit insurance fees

The details of this item are as follows:

	Joint		Self	
	2020	**2021**	**2020**	**2021**
	JD	JD	**JD**	JD
Deposit insurance fees on Joint investment accounts	**2,514,464**	2,410,690	**-**	-
Deposit insurance fees on current accounts	**-**	-	**2,175,126**	1,993,124
Total	**2,514,464**	2,410,690	**2,175,126**	1,993,124

On 1 April 2019, amended law of the Deposits Insurance Corporation was issued, which included Islamic Banks under the Deposit Guarantee Corporation, noting that Islamic Banks were not previously covered by the law, and the amended law stated that the deposits accounts which are classified within the Bank consignment (credit accounts and equivalent, the part that does not participate in the profits from the joint investment accounts) will entail deposits guarantee fees that the Bank will bear from its own funds, whereas the joint investment accounts will bear the participation fees of the joint investment accounts for these accounts.

36. Unrestricted Investment Accounts Share

The details of this item are as follows:

	2021	2020
	JD	JD
Customers:		
Revenue of investments saving accounts	**1,181,621**	1,071,369
Revenue of term deposit accounts	**32,375,245**	26,436,810
Revenue of cash Margin accounts	**388,095**	386,883
Total	**33,944,961**	27,895,062

37. Bank's Share in income from Joint Investment as Mudarib and Fund Owner (Rab Al-Mal)

The details of this item are as follows:

	2021	2020
	JD	JD
Bank's share as Mudarib	**40,591,179**	38,473,221
Bank's share as (Rab Al-Mal)	**32,597,861**	33,318,850
Total	**73,189,040**	71,792,071

38. Bank's Self-Financed Revenue

The details of this item are as follows:

	2021	2020
	JD	JD
Income from Ijara Muntahia Bittamleek assets (Note 32)	**42,445**	24,159
Returns of distributions of financial assets at fair value through shareholders' equity	**6,420**	11,253
Total	**48,865**	35,412

39. Bank's Share in Restricted Investment Profit as Mudarib and as agent (Wakeel)

a. Bank's Share in Restricted Investment profit as Mudarib:

	2021	2020
	JD	JD
Income from restricted investments	**297,146**	1,859,210
Less: Share of holders of restricted investments accounts	**(248,304)**	(1,564,972)
Bank's share as Mudarib *	**48,842**	294,238

b. Bank's share in restricted investment profit as agent (Wakeel)*:

	2021	2020
	JD	JD
Income from sales receivables	**413,576**	646,008
Less: Muwakel's share	**(205,215)**	(264,606)
Bank's Share as (Wakeel)	**208,361**	381,402

* This item represents revenue from Murabaha to Purchase order for small enterprise within the Wakaleh investment agreement signed with the Central Bank of Jordan.

40. Gains from Foreign Currencies

The details of this item are as follows:

	Self	
	2021	2020
	JD	JD
Resulted from trading / dealing	**1,806,912**	1,452,596
Resulted from revaluation	**(14,924)**	(1,207)
Total	**1,791,988**	1,451,389

41. Banking Services Revenue

The details of this item are as follows:

	2021	2020
	JD	JD
Commissions on certified cheques	39,848	30,919
Commissions on letters of credit and bills	964,311	897,953
Commissions on guarantees	602,100	692,779
Commissions on transfers	935,250	1,169,651
Commissions on Visa	3,188,807	2,568,907
Commissions on cheques	315,970	224,837
Commissions on electronic services	1,659,445	1,565,510
Commissions on execution of financings	1,912,442	1,607,217
Commissions on transferred salaries	1,912,334	1,391,766
Other commissions	1,277,856	1,116,290
Total	12,808,363	11,265,829

42. Other Revenues

The details of this item are as follows:

	Self		joint	
	2021	2020	2021	2020
	JD	JD	JD	JD
Revenues from customers services (post, telephone, custody)	219,248	306,175	-	-
Other income	21,084	2,421	-	-
Revenues from the sale of foreclosed real estate against debt	-	-	519,277	8,150
Rentals from the sale of foreclosed real estate against debt	-	-	24,830	30,590
Total	240,332	308,596	544,107	38,740

43. Employees' Expenses

The details of this item are as follows:

	2021	2020
	JD	JD
Salaries, bonuses and employees benefits	19,129,387	21,019,389
Bank's contribution in social security	2,379,935	2,352,027
Medical expenses	1,143,270	1,131,063
Staff training	34,196	52,833
Others	133,265	131,398
Total	22,820,053	24,686,710

44. Other Expenses

The details of this item are as follows:

	2021	2020
	JD	JD
Stationery and printing	**776,694**	563,672
Postage and telephone	**517,586**	474,497
Maintenance and cleaning	**805,747**	801,568
Advertising	**392,988**	431,550
Insurance expenses	**171,845**	114,009
Electricity and water	**863,297**	865,002
Donations	**285,816**	314,960
Subscriptions and fees	**769,405**	717,811
Transportation and travel expenses	**292,432**	276,862
Consultancy and professional fees	**419,359**	487,145
Information systems expenses	**3,065,242**	2,903,800
Board of Directors' remunerations	**25,000**	25,000
Paid commissions	**1,734,732**	1,218,365
Others	**128,170**	157,887
Total	**10,248,313**	9,352,128

45. Amortization of right of use assets / Lease liability discount / rental expenses:

The details of this item are as follows:

	Right of use assets amortization		Lease liability discount/ finance cost		Rental expenses	
	2021	2020	**2021**	2020	**2021**	2020
	JD	JD	**JD**	JD	**JD**	JD
	1,184,068	1,200,737	**127,847**	138,334	**342,193**	308,307
Total	**1,184,068**	1,200,737	**127,847**	138,334	**342,193**	308,307

46. Earnings Per Share

The details of this item are as follows:

	2021	2020
	JD	JD
Profit for the year	**33,717,746**	30,439,997
Weighted-average number of shares	**100,000,000**	100,000,000
Earnings per share for the year - Basic \ Diluted	**0,337**	0,304

47. Cash and Cash Equivalent

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Cash and balances with the Central Bank of Jordan maturing within three months	**889,168,217**	795,966,945
Add: Balances at Banks and financial institutions maturing within three months	**18,227,011**	15,555,154
Less: Banks and financial institutions' accounts maturing within three months	**(1,645,562)**	(261,513)
	905,749,666	811,260,586

48. Balances and Transactions with Related Parties

The Bank conducts transactions with shareholders, members of the Board of Directors, Executive Management, and Sister Companies in the ordinary course of its business using the Murabaha and commercial commissions rates.

The following is a summary of the transactions with related parties:

	Arab Bank (Parent Company)	Board Members	Parent Company's subsidiaries	Shari'a Supervisory, board members	Executive Management	Total 31 December 2021	2020
Statement of Financial Position Items:	JD	JD	JD	JD	JD	JD	JD
Balances with Banks and financial institutions	17,471,851	-	-	-	-	17,471,851	13,176,541
International Murabaha (commodities investment)	121,960,663	-	-	-	-	121,960,663	102,307,299
Banks' and financial institutions accounts	517,257	-	-	-	-	517,257	197,717
Joint investment accounts and current accounts	-	36,847	-	114,636	1,486,770	1,638,253	2,049,976
Financial assets at fair value through shareholders' equity managed by sister company	-	-	5,842,911	-	-	5,842,911	5,629,892
Sales receivables and Ijara financings	-	395,935	-	-	2,094,938	2,490,873	2,577,757
Off – Statement of Financial Position Items:							
Guarantees	10,000	-	-	-	-	10,000	10,000
International Murabaha (Investment in Commodity)	150,481,359	-	-	-	-	150,481,359	208,805,691

						For the Year Ended 31 December 2021	2020
Statement of Income Items:							
						JD	JD
Distributed profit – deposits' accounts	-	-	-	1,665	37,448	39,113	20,994
Received profit - receivables	-	27,877	-	-	73,969	101,846	126,252
Shares' dividends	-	-	6,420	-	-	6,420	11,253
Salaries and remunerations *	-	25,000	-	84,000	1,667,904	1,776,904	2,197,217
Transportation – Committees Membership	-	116,400	-	-	-	116,400	116,400

- The lowest Murabaha rate that the Bank received was 3% and the highest Murabaha rate was 5,8%. Meanwhile, the lowest dividends distribution rate was 1,67%, and the highest rate of dividends distribution was 4,81% according to the slides.
- All financings granted to related parties are performing, and consequently, no related provisions have been booked.

* The Bank has applied corporate governance instructions for Islamic Banks No. (64/2016) dated 25/9/2016 regarding the definition of executive management.

49. Risk Management

Islamic International Arab Bank deals with the challenges related to Banking risks comprehensively within an overall risk management framework according to the best Banking standards, conventions, and practices, reinforced by a governance structure at the level of the Board of Directors, in particular the committees emanating from the Board and Executive management level.

Risk management represents one of the main control levels within the institutional structural framework of the Bank's risk management. Moreover, Risk management is responsible for developing an effective and secured system to identify the risks by the Bank is exposed to, and its tasks include the following:

- Reviewing Bank's risk management framework before approval by the Board of Directors.
- Implementing risk management strategy as well as developing policies and work procedures to manage whole risk types.
- Developing methodologies for identifying, measuring, controlling and detecting each type of risks.
- Submitting reports to the Board members through the risk management committee and a copy of the reports to senior executive management, including information about the actual risk profile compared with accepted risk appetite, and following up and resolving negative deviations.
- Checking the integration of the risk measurement mechanism with management information systems.
- Studying and analyzing all risk types the Bank is exposed to.
- Submitting recommendations to the risk management committee about the Bank's risk exposure, as well as registering the exceptions in the risk management policy.
- Providing the necessary information about the Bank's risks for disclosure purposes.
- Reinforcing and raising awareness about risks through the best Banking practices and standards.

Risk Management at the Bank is divided into the following sections:

1.Credit Risk

The Islamic international Arab Bank adopts initiative and a dynamic approach and implements a conservative strategy in managing this type of risk. This is a key factor to achieving its strategic objective in respect of continuous improvement and maintenance of the quality of assets and credit portfolio components. The Bank also relies on well-established, conservative, and prudent credit standards. Furthermore, the Bank implements policies, procedures, methodologies, and general frameworks to manage risks, taking into consideration all the developments in the legislative and Banking environment. Additionally, the Bank has in place clear organizational structures and technical systems, close follow-up, and effective controls that enable it to deal with probable risks and challenges arising from the changing environment at a high level of confidence and determination.

Credit management decisions are based on the adopted strategy and the accepted levels of risk. Furthermore, periodic review and analysis of the credit portfolio type and quality are performed periodically based on specific performance indicators. These decisions also focus on diversity, which is considered key to mitigating and diversifying risks on the individual customers' level and sectors levels.

International Financial Reporting Standard No. (9) Financial Instruments

According to the instructions of the Central Bank of Jordan No. (13/2018) of 6 June 2018 regarding the application of International Financial Reporting Standard No. (9) for Islamic Banks, the Bank applied International Financial Reporting Standard No. (9) of 2014 on the date of the mandatory application of the standard on 1 January 2018, as the Bank evaluated the ECL model requirements and adjustments related to classification and measurement of financial instruments. Note that the Bank applied the first phase (classification and measurement) of the International Financial Reporting Standard No. (9) issued in 2009 on 1 January 2011 through the application of the Islamic Financial Accounting Standard No. (25) in the title of stocks, sukuk and similar instruments.

The standard has been applied retrospectively and in line with International Financial Reporting Standard No. (9) (Financial Instruments), without modifying the comparative figures. The effect of applying the standard was recognized on 1 January 2018, by reflecting the effect on retained earnings in the equity statement, with respect to the Bank's own funds only.

The Bank applied the requirements of Financial Accounting Standard No. (30) "Impairment of assets, credit losses and high-risk liabilities" on the mandatory application date January 1, 2021. This standard specifies the accounting treatment related to impairment and expected credit losses for financing, investments and high-risk liabilities in Islamic financial institutions.

The requirements of this standard regarding expected credit losses are substantially the same as those of IFRS 9.

The Bank's management prepared a study to determine that the application of Financial Accounting Standard No. (30) compared with International Financial Reporting Standard No. (9), and no material effects were found.

First: Descriptive Disclosures

1. The Bank's risk management system, risk management procedures and the main units responsible for it:

The Islamic International Arab Bank deals with the challenges related to banking risks comprehensively within a holistic risk management framework based on the best banking standards, norms and practices, especially corporate governance. Risk management is the department responsible for developing an efficient and effective system to identify the risks to which the bank is exposed. It's tasks include the following matters:

- Reviewing the Bank's risk management framework before approval by the Board of Directors.
- Implementing risk management strategy as well as developing policies and work procedures to manage whole risk types.
- Developing methodologies for identifying, measuring, controlling and detecting each type of risks.
- Submitting reports to the Board members through the risk management committee and a copy of the reports to senior executive management, including information about the actual risk profile compared with accepted risk appetite, and following up and resolving negative deviations.
- Submitting recommendations to the risk management committee about the Bank's exposure to risk, as well as registering the exceptions in the risk management policy.
- Providing the necessary information about the Bank's risks for disclosure purposes.
- Reinforcing and raising awareness about risks through the best Banking practices and standards.

The risk management in the Bank is divided into the following sections:

Credit risk:

The Bank applies a strategy commensurate with this type of risk to ensure the achievement of its strategic objectives in developing its market share and maintaining the quality of assets and the composition of the credit portfolio. The Bank also relies on well-established, conservative and prudent credit standards, policies, procedures, methodologies and general frameworks for risk management that take into account all developments in the Banking and legislative environment, in addition to clear organizational structures and automated systems, in addition to diligent follow-up and effective control that enables the Bank to deal with potential risks and challenges the changing environment with a high level of confidence and determination.

Credit decisions are based on the Bank's business strategy and acceptable levels of risk. A review and analysis of the quality and quality of the credit portfolio is carried out periodically according to performance indicators. They also focus on diversity, which is essential to mitigate and diversify risks at the individual customer level, as well as at the sectoral and geographical level. The stress testing mechanisms are used and applied periodically, which include strict and conservative assumptions as a tool for managing the credit portfolio, along with capital planning.

The fiduciary process in the Bank is an institutional and well-built process that is based on the following main pillars and principles:

- Clear and specific limits for the level of credit risk are determined at the highest administrative levels and then sent to the various business units. These limits are reviewed, monitored, and any necessary adjustments are made periodically.
- Adopting the principle of credit committees to ensure that credit decisions are not individual, but rather taken by the committees.
- Separating the tasks between the business sector management, the credit review department and the credit control department to achieve the principle of independence.
- Graduated fiduciary powers according to the levels of risk for each credit committee at the level of regions and public administration, which are subject to periodic review.
- Clear criteria for the target customer / market and the acceptable level of credit assets.
- An integrated and in-depth financial and credit analysis covering the different aspects of risk for each customer and / or credit operation.
- Providing senior management, credit committees and the risk management committee emanating from the board of directors with periodic reports on credit risk, the quality of the credit portfolio and the quality of the assets.
- Continuous evaluation and follow-up of any credit concentrations and strategies for dealing with them.
- Ensure the effectiveness and capacity of the early warning system on an ongoing basis to identify and detect potential risks.
- Effective management of the legal documentation process, the management of collateral, and its preservation and follow-up to ensure that it covers the corresponding obligations and establish appropriate mechanisms for continuous follow-up.
- The periodic and annual review of the credit facilities granted, with the aim of identifying any negative indicators related to these facilities
- Adopting and applying strict control methods and controls based on continuous monitoring of credit facilities accounts.
- The Bank offers several programs for the retail sector, and they are managed at the portfolio level for each product through product programs that are prepared to cover homogeneous categories of customers. These programs are subject to review and approval on an annual basis or when needed by the relevant committees.
- - The Bank has applied IFRS 9 since the beginning of 2018, whereby a model was used to calculate expected losses based on a future outlook closely related to the customer's credit position, indicators of deteriorating credit performance and high credit risks for customers, taking into account macroeconomic factors based on The three stages according to the requirements of the standard, and the Bank approves the credit allocations resulting from the calculation of expected credit losses according to the standard and the instructions of the Central Bank of Jordan in particular.
- A conservative mechanism in calculating provisions and collecting non-performing debts within the highest applicable accounting and oversight standards, by analyzing trends and indicators of late maturities, and this mechanism is subject to periodic credit and legal review on which results are based on non-performing debt management strategies to reduce the ratios and levels of non-performing debts and raise Levels of recovery and coverage.
- To apply stress tests periodically at the level of the portfolio and on major accounts that represent credit concentrations, and to assess the impact of these tests on capital and profits.
- The Bank is continuously improving and developing all of the above aspects in line with the changes and developments in the business environment and the Banking industry and taking advantage of what modern technologies provide in terms of automated systems in this field.
- The Bank continuously attaches great importance to developing skills and raising the level of competencies and experiences by focusing on the involvement of its cadres working in the field of credit with specific and selected training courses and programs to qualify them to perform their duties and responsibilities efficiently and competently.

Operational risk:

It is the risk arising from inadequate or failed policies and procedures for internal processes, people, systems, or risks resulting from external events. This definition includes legal risks and excludes reputational and strategic risks (as they are evaluated and managed within special policies).

In order to determine the operational risks that the Bank is exposed to, the risk management uses several tools according to international best practices, including:

- CRSA self-assessment workshops for controls and risks on various Bank operations.
- Defining risk indicators on KRI's various operations and products.
- Connecting the various Bank operations, clarifying the reliability relationships between these processes, Process Mapping, and defining and evaluating the risks inherent to these operations and the controls applied to them.
- Analyzing internal audit reports and internal control reports in order to discover any potential gaps and address them.

The Islamic International Arab Bank classifies operational risk events according to the best practices for "managing and controlling operational risks" issued by the Basel Committee on Banking Supervision.

Liquidity Risk

It is the ability of the Bank to finance the increase of its assets and face its liabilities when due without incurring unacceptable losses, according to the definition of the Islamic Financial Services Board, and the objective of the framework for liquidity risk management is to ensure the Bank's ability to meet its financial obligations due at all times and to manage liquidity risks in a consistent manner.

Within the framework of monitoring the liquidity situation, the Director of the Treasury Department and the Director of Risk Management receive daily reports on the actual, expected and optimal liquidity position of the Bank.

These reports help the Director of the Treasury Department to provide the Asset and Liability Management Committee with all necessary administrative information on the liquidity position.

The Bank uses various methods to measure and analyze liquidity that help the Bank to plan and manage its financial resources in addition to determining mismatches in assets and liabilities, which may expose the Bank to liquidity risk. These measures include day and month liquidity ratios, cumulative liquidity gap model, liquidity coverage ratio analysis (LCR), The concentrations of major depositors and the liquidity ratios according to the requirements of the Central Bank and stress testing.

The framework for testing liquidity stress conditions is one of the main tools for assessing liquidity risk within hypothetical events inspired by the Bank's experience, regulatory requirements and external events related to the Bank's financial statement.

Market Risk

Market risk is the probable loss arising from the change in value of the Bank's portfolios due to fluctuation in stock prices, profit rates, foreign exchange rates, and commodity prices. Moreover, market risks are managed on the trading portfolio and Banking portfolio in a manner consistent with Islamic Sharia. In addition, three main activities expose the Bank to market risk: trading in cash market instruments, foreign currencies, and capital market instruments; trading in the Banking portfolio; and trading in the trading portfolio.

The essential tools in measuring and managing market risk include:

- Net open position for foreign currencies.
- Stress testing.

Compliance with Shari'a Standards Risk:

The Islamic International Arab Bank fully adheres to Shari'a Standards in force in all of its deals. For this purpose, IIAB provides its employees from all managerial levels with Shari'a Banking courses to reinforce their abilities and efficiencies and enhance their knowledge and understanding of all Shari'a Standards.

In order to ensure its compliance with Shari'a Standards, the Bank established three Shari'a control units:

1. Shari'a Internal Audit Department supervised directly by the Shari'a Supervisory Board.
2. Shari'a control concurrent with implementation.
3. Shari'a compliance in the Compliance Department.

Information security and business continuity:

The Department of Information Security and Business Continuity in Risk Management is the department concerned with following up, developing and applying international standards and internal and external laws related to information security (or cyber security) and the continuity of work in all aspects of the Bank's work, and it works permanently and continuously to develop plans, projects and policies necessary to ensure the continuity of the Bank's business If it is exposed to any interruption as a result of accidents or disasters, and periodic follow-up to conduct checks of the technological infrastructure to protect the Bank from external and internal threats.

One of the most important projects undertaken by the department is the application and implementation of the periodic versions of the PCI-DSS standard. This project has been started since 2013 and has obtained an ISO 27001 standard for the application of security controls necessary to protect data and obtain a certificate of (ISO 22301) for the application of requirements Business continuity.

Among the most important procedures and periodic plans that are implemented, and which are of the interest of the top management are the annual examination of Business Alternative Site and Disaster Recovery Site.

Other Risks

Islamic international Arab Bank is exposed to other types of risks, which it manages proactively and prudently.

2. The Bank's risk management culture and the role of risk management policies and strategies in supporting and consolidating the Bank's risk culture management.

Islamic International Arab Bank concerns great importance to the process of establishing a conscious environment for the "risk culture in the Bank" which translates into a set of common values, concepts, objectives and behaviors based on the best practices and standards leading in the Banking sector, where the employee must be known that the risks are the result of choices and decisions and not by chance. Each employee has the role, functions and responsibilities to carry out within limited powers governed by accountability and accountability policies.

Therefore, the Bank within its training and development plans, provides its employees with specialized courses in risk management.

3. The risk limits accepted by the Bank and in line with the Bank's business model.

The Bank determines annually acceptable risk limits for each type of risk and within the Bank's strategic planning where the Bank's ability to withstand risks is determined, assessed and measured effectively and within the levels that the Bank wishes to meet in order to achieve the objectives set.

The Bank's risk tolerance reflects the desired risk levels and non-quantitative risk quality measures within an institutional governance based on global best practices.

4. Stress tests

Stress tests are an important tool used to measure the Bank's ability to withstand shocks and risks as these tests aim to assess the Bank's financial position and within extreme scenarios that can occur, taking into account that these tests have a future dimension and include sensitivity analysis tests and scenario analysis testing where stress tests are an essential part of risk management.

Believing in the importance of risk governance, the Bank has established a specialized committee of experts to identify and develop scenarios where the committee will make its recommendations so that risk management can implement these scenarios.

The results of the stress tests are used in decision-making and strategic planning as they are part of the implementation of the Bank's strategic plan.

The stress tests are part of the expected credit loss calculation, with the Bank conducting three scenarios (best/downside// base) and determining their impact on the expected credit loss model.
The projected credit loss is calculated based on the weighted probability value (An Unbiased and - Probability Weighted Amount) for the three scenarios and based on specific weights approved in advance by the relevant committee.

5. Definition of the Bank's application for default and the processing of default

The definition of default used to measure expected credit losses used to assess the change between stages is consistent with the definition of default used by the Bank's internal credit risk management, and there is an assumption that the default occurs when payment is stopped for 90 days or more.

The relationship officer communicates with the client and alerts to any negative indicators that may lead to a decrease in the quality of finances where these indicators arise from the following aspects: management, financial situation, environment, guarantees as described in the credit policy.

In order to identify the problem in advance to review the structure of the financings and re-evaluate the client credit and thus the possibility of finding a solution to avoid the classification of the client or default, the Credit Control Department issues a statement of accounts due and this list is reviewed on a daily basis by business and credit sector officials, where the official of the development of the customer relationship prepares a detailed report due to any of his clients and presents the report to the relevant authorities and committees according to the approved business procedures.

6. The Bank's internal credit rating system and its operating machinery

The approved internal classification system consists of (10) levels to describe the level of risk for each element of the risk facing the client. The risks are identified on an ascending basis (the higher the degree, the higher the level of risk).

Risk Levels	Risk Degree
Exceptional	1
Excellent	2
Strong	3
Average	4
Acceptable	5
Marginal	6
Watch	7
Substandard	8
Doubtful	9
Loss	10

Ratings (1-6) represent acceptable risk levels in credit and ratings (7-10) represent high risk levels and are managed prudently.

The Bank's credit audit and evaluation process is governed by the credit rules and policies set out in the credit facilities policies where the borrower's credit rating is an essential element in the credit review and evaluation of credit, and for this purpose the Bank has developed and implemented an internal credit rating methodology for customers""Bank Rating System", which evaluates the companies according to the customer's quality and quantity standards, and in parallel the Bank has implemented the Moody's Risk Analysis Classification System (MRA), a credit rating system issued by Moody's Credit Rating Agency, which is based on quality and quality standards. It should be noted that moody's rating system complements the Bank's internal credit rating system and provides a mechanism that complies with Basel's instructions, the Moody's credit rating system is centrally managed in the public administration by the Department of Corporate Business and The Credit Review Department representing the departments used for the system, and the rating of customers is reviewed either using the Bank's rating system or Moody's analysis system. Annual risk when reviewing individual customer facilities.

7. The mechanism approved to calculate the expected credit losses ECL on financial instruments and each item separately.

The Bank calculates projected credit losses based on the weighted average of three scenarios to measure the expected cash deficit, discounted at the actual rate of return (APR).

Cash deficits are the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be collected.

Therefore, the mechanism for calculating the expected credit loss and the key elements are as follows:

- **Probability of Default (PD):** An estimate of the probability of a customer defaulting within a certain time horizon. A stumble can occur in a specific period during the evaluation period.
- **Exposure at Default (EAD):** Is the estimation of the existing balance subject to default at the moment of reporting plus any amounts expected to be exploited in the future by the client such as granted credit limits and indirect obligations where the probability of withdrawal and timing of withdrawal or payment of all amounts is calculated and the probability of default according to the methodology applied to direct obligations and exposures.
- **Loss Given Default (LGD):** An estimate of the amount of potential loss on default, In the case where the default occurs at a certain time. It represents the difference between contractual cash flows and those that the Bank expects to collect, including the collateral provided.

When estimating expected credit losses, the Bank takes into account three scenarios (the baseline scenario, the upside scenario, and the downside scenario) and each of them is associated with different weights of the probability of default, exposure at default, and the loss given default.
Also, among the measures taken by the Bank to meet the effects of (Covid-19) are the amendment of the discount rate on the value of real estate guarantees to become 30% instead of 20%, mechanical to become 65% instead of 50%.

The assessment of various scenarios also includes how to recover the non-performing facilities, including the possibility of remediation of the non-performing facilities and the value of the guarantees or the amounts expected to be collected from the sale of the guarantees.

With the exception of credit cards and other revolving facilities, the maximum period for which credit losses are determined is the contractual life of the financial instruments unless the Bank has the legal right to cancel them in advance.

8. The mechanisms for calculating expected credit losses are summarized as follows:

For the purposes of calculating expected credit losses, credit exposures are distributed according to the rating stages according to Standard No. (9) as follows:

Stage 1
This stage includes credit exposures/debt instruments that have not been significantly increased or influenced by their credit risk since the initial recognition of exposure/instrument or have low credit risk on the date of the preparation of financial statements, including exposures and instruments that meet the following conditions:

- Low-risk exposures/debt instruments
- The debtor has a high ability to meet its short-term obligations
- The Bank does not expect adverse changes in the economy or working environment in the long term that may adversely affect the debtor’s ability to meet its obligations

The expected credit loss at this stage represents the potential loss resulting from the stumble that may occur within the next 12 months of the date of the preparation of the financial statements.

Stage 2
This stage includes exposures that have been obtained by an impressive (significant) increase in their credit risk since the initial recognition, but they have not reached the stage of default yet due to the lack of objective evidence to confirm the default.

The Bank will assess on the financial statement preparation date whether credit risk has increased significantly and above the indicators specified in according to the relevant Central Bank of Jordan instructions.

The expected credit loss of credit exposures is calculated within this phase for the full life of credit exposure/debt instrument and represents the expected credit loss resulting from all probability of default during the remaining period of the credit/debt instrument exposure life.
For the purposes of establishing income for credit exposures listed at this stage, the return is calculated on the basis of the total value of credit exposure/debt instrument recorded in the books.

Stage 3
This stage includes debt instruments where there is evidence that it has become a default (irregular) and in this case the expected credit loss for the entire life of credit exposure/debt instrument is calculated according to the factors and indicators specified according to the Central Bank of Jordan instructions where the return is suspended on the accounts listed at this stage.

The Bank will consider all the requirements and limitations of the Central Bank of Jordan to deal with exposures within this phase.

9. Governing the application of the requirements of financial accounting standard No. 30, including the responsibilities of the Board of Directors and executive management to ensure compliance with the requirements of the application of the standard.

The Bank shall take the institutional governance as a platform for action to make the necessary decisions within the proper foundations to develop performance and plans and adopt the necessary measures to ensure the accuracy of the results and the validity and integrity of the methodologies and systems used.

In order to achieve the above objectives, the Bank has established an internal committee comprising all relevant departments and departments, which develop the mechanisms of application, develop policies and procedures of work, and define tasks and responsibilities to be part of the governance of the application of this standard, where the tasks of departments and responsibilities are distributed as follows:

- Committee functions:
The Committee has a role in the management process and approval of the following policies:
- The Bank's business model
- The methodology for applying the standard and related policies.
- Scenarios and future assumptions used to calculate expected credit losses.
- Certification of ECL results/allocation.
- Submit the results to the General Manager and the Board of Directors.
- Make the necessary recommendations in the topics related to the implementation of the resolution.
- Develop and agree with the Board of Directors.

- Board of Directors:
- Adopting the methodology for applying the standard and related policies.
- Adopt a business model through which the objectives and foundations for the acquisition and classification of financial assets are defined.
- Ensure that effective control systems are in place and that the roles of the relevant entities are determined.
- Ensure that the infrastructure is in place to ensure the application of the standard, which includes (human resources/internal credit rating systems / automated systems for calculating credit losses, etc.), so that they are able to reach the results that ensure adequate hedging against expected credit losses.
- Ensure that the Bank's supervisory units, specifically risk management, internal audit management and compliance management, do all the work to verify the validity and integrity of the methodologies and activities used and provide support to these units.

- The Shariah Oversight Authority

- Monitoring the Bank's activities in terms of compatibility and non-violation of Islamic law
- Follow-up and review of operations to verify that they are free of any legitimate prohibitions
- Agree to bear any losses resulting from the Bank's operations in relation to the owners of investment accounts.

10. Definition and the process of calculating and monitoring the probability of default and credit exposure when it defaults and the percentage of loss assuming defaults.

The Bank calculates projected credit losses based on the weighted average of three scenarios to measure the expected cash deficit, discounted at the actual rate of return (APR).

Cash deficits are the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be collected.

Therefore, the mechanism for calculating the expected credit loss and the key elements are as follows:

- Probability of Default (PD): An estimate of the probability of a customer defaulting within a certain time horizon. A stumble can occur in a specific period during the evaluation period.
- Exposure at Default (EAD): Is the estimation of the existing balance subject to default at the moment of reporting plus any amounts expected to be exploited in the future by the client such as granted credit limits and indirect obligations where the probability of withdrawal and timing of withdrawal or payment of all amounts is calculated and the probability of default according to the methodology applied to direct obligations and exposures.
- Loss Given Default (LGD): An estimate of the amount of potential loss on default, In the case where the default occurs at a certain time. It represents the difference between contractual cash flows and those that the Bank expects to collect, including the collateral provided.

When estimating expected credit losses, the Bank takes into account three scenarios (Base scenario, Upside scenario, Downside scenario) and is linked to different weights of probability of default, credit exposure when you default, and the loss ratio assuming the default.

The evaluation of multiple scenarios also includes how to recover distressed facilities, including the possibility of handling distressed facilities and the value of guarantees or amounts expected to be collected from the sale of guarantees.
With the exception of credit cards and other revolving facilities, the maximum period in which credit losses are determined is the contractual age of financial instruments unless the Bank has the legal right to cancel them in advance.

11. Significant change in credit risk parameters on which the Bank relied on in calculating expected credit losses.

The Central Bank of Jordan instructions have been relied upon to implement standard (9) to set parameters of significant changes in credit risk which includes the following but not limited to:

- Reducing the borrower's internal/external or expected credit rating or credit/debt instrument exposure according to the Bank's internal valuation system.
- Fundamental negative changes in the performance and behaviour of the borrower, such as late payment of installments or unwillingness to respond to the Bank.
- The need to reorganize the debtor's obligations (structuring obligations) due to poor repayment capacity, declining cash flows, the need to modify contractual terms with the debtor party or to cancel (waive) some existing contractual terms due to actual/foreseeable breaches of current terms.

- Information on the existence of dues on the debtor party either with the Bank or with any other creditor party.

- Information about the existence of dues from the debtor party, either with the Bank or with any other creditor party.

- The actual or expected negative changes in the operating activity of the borrower such as (decrease in revenues / actual or expected profit margin, increase in operating risks, deficit in working capital, decline in the quality of assets, increase in financial leverage, weakness and decline in liquidity, administrative problems, stopping part of Customer activities and others) which may materially affect the borrower's ability to repay.

- The change in the credit management methodology in the Bank for the credit exposure / debt instrument due to the emergence of negative indicators and changes in the credit risk of the exposure / instrument, so that the credit risk management of exposure / the instrument is expected to become more focused and vigorously and keep it under control or that the Bank will intervene with the party Debtor to manage exposure / instrument.

- Significant increase in credit risk of exposure to credit / other debt instruments attributable to the same borrower from other lenders.

12. The Bank's policy in identifying the common elements (specifications) on which credit risk and expected credit loss are measured on an aggregate basis.

The Bank's policy is based on individual basis and not on aggregate basis.

13.Key economic indicators used by the Bank in calculating expected credit loss (PD)

With many dynamic macroeconomic factors, particularly GDP, government spending, unemployment rates, oil prices, exports... The Bank conducts the necessary statistical analysis to identify important factors of "statistical significance" affecting the non-working debt rate (NPL) according to the following model:
NPL= ƒ (GDP, Government spending, unemployment rates, oil price, exports ... etc.)

The results showed a statistical indication of the following factors:

1. GDP
2. Equity prices
3. Unemployment

50. Credit Risk

1- Distribution of credit exposures according to the degree of classification as of 31 December 2021:

Self							
Bank's Internal classification	Classification as CBJ regulations	Total of exposures value	Expected credit losses	Loss probability level (PD)	Classification as Rating entities	Classification at Default (EAD)	Average loss at Default (LGD)
		JD	JD			JD	
First: Performing exposures	-	**57,696,125**	**355,072**	-	-	**57,696,125**	-
A- Financial assets at amortized cost							
Low risk	**Low risk**		-	-	-	-	-
Acceptable risks	**Acceptable risks**		-	-	-	-	-
B- Deferred sales receivables and other receivables							
Low risk	**Low risk**	-	-	-	-	-	-
Acceptable risks	**Acceptable risks**	**57,634,723**	**345,223**	**0,07% to 24%**	-	**57,634,723**	**0% to 45%**
Watchlist	**Watchlist**	**61,402**	**9,849**	**24%**	-	**61,402**	**0% to 45%**
Second: Non-performing exposures		**3,877,443**	**3,858,622**	-	-	**3,877,443**	
Substandard	**Substandard**	**20,210**	**20,210**	**100%**	-	**20,210**	**0% to 67,5%**
Doubtable	**Doubtable**	**57,471**	**57,471**	**100%**	-	**57,471**	**0% to 67,5%**
Bad debts	**Bad debts**	**3,799,762**	**3,780,941**	**100%**	-	**3,799,762**	**0% to 67,5%**
Total	-	**61,573,568**	**4,213,694**	-	-	**61,573,568**	-
Off balance sheet items – self							
Unclassfieid	**Unclassified**	**148,521,074**	**846,038**	**0.07% to 100%**	-	**148,521,074**	**0% to 67,5%**

Joint							
Bank's Internal classification	Classification as CBJ regulations	Total of exposures value	Expected credit losses	Loss probability level (PD)	Classification as Rating entities	Classification at Default (EAD)	Average loss at Default (LGD)
		JD	JD			JD	
						955,380,032	
First: Performing exposures		955,380,032	4,094,156	-	-		-
A- Financial assets at amortized cost							
Low risk	**Low risk**	**14,420,785**	**216,998**	**0,35% to 4,25%**	**AA- TO BB-**	**14,420,785**	**45%**
Acceptable risks	**Acceptable risks**	**13,057,400**	**528,398**	**0,065**	**B+**	**13,057,400**	**45%**
B- Deferred sales receivables and other receivables							
Low risk	**Low risk**	**7,209,860**	**-**	**1,5% to 24%**	**-**	**7,209,860**	**-**
Acceptable risks	**Acceptable risks**	**889,749,585**	**2,376,727**	**1,5% to 24%**	**-**	**889,749,585**	**0% to 45%**
Watchlist	**Watchlist**	**30,942,402**	**972,033**	**24%**	**-**	**30,942,402**	**0% to 45%**
Second: Non-performing exposures		**25,310,179**	**23,509,128**		**-**	**25,310,179**	
Substandard	**Substandard**	**1,015,708**	**293,159**	**100%**	**-**	**1,015,708**	**0% to 71,25%**
Doubtable	**Doubtable**	**1,862,391**	**618,584**	**100%**	**-**	**1,862,391**	**0% to 72,98%**
Bad debts	**Bad debts**	**22,432,080**	**22,597,385**	**100%**	**-**	**22,432,080**	**0% to 84,84%**
Total		**980,690,211**	**27,603,284**			**980,690,211**	
Off balance sheet items – joint							
unclassified	**unclassified**	**122,649,846**	**244,947**	**1,5% TO 100%**	**-**	**122,649,846**	**0% to 45%**

2- Distribution of credit Risk according to the Economic sector:

A. Exposure Distribution according Financial instruments (Net) as at 31 December 2021

	Retail	Industrial	Trade	Real Estate	Agriculture	Constructions	Tourism	Transportation	Public services and facilities	shares	Financial	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	-	-	-	-	-	-	-	-	-	-	-	843,675,217	843,675,217
Balances with Banks and financial institutions	-	-	-	-	-	-	-	-	-	-	18,227,011	-	18,227,011
Deferred sales Receivables, Other receivables, financings and Qard Al-Hasan	373,221,855	93,060,189	308,266,028	130,826,793	36,203,457	18,628,008	1,698,694	2,429,573	16,977,538	-	-	-	981,312,135
Sukuk:													
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-	3,544,379	23,188,410	26,732,789
Other Assets													
Accrued revenues	-	-	30,413	-	-	-	-	-	-	-	49,414	164,112	243,939
Prepaid expenses	-	-	1,629,486	-	-	-	-	-	-	-	345,418	9,520	1,984,424
Total	373,221,855	93,060,189	309,925,927	130,826,793	36,203,457	18,628,008	1,698,694	2,429,573	16,977,538	-	22,166,222	867,037,259	1,872,175,515
Off- statement of financial position:													
Guarantees	1,161,073	3,811,016	11,648,979	-	179,857	13,270,767	536,022	662,411	4,000,429	-	-	-	35,270,554
Letters of credit	-	12,935,627	16,652,698	-	1,123,578	1,194,348	37,054	-	17,866	-	-	-	31,961,171
Acceptances	124,593	4,723,750	2,611,618	-	9,747,757	565,204	-	-	25,682	-	-	-	17,798,604
Unutilized limits	11,752,966	32,377,432	71,399,382	-	13,120,842	47,636,519	217,066	601,579	7,943,820	-	-	-	185,049,606
Total of financial position items	13,038,632	53,847,825	102,312,677	-	24,172,034	62,666,838	790,142	1,263,990	11,987,797	-	-	-	270,079,935
Total as at 31 December 2021	**386,260,487**	**146,908,014**	**412,238,604**	**130,826,793**	**60,375,491**	**81,294,846**	**2,488,836**	**3,693,563**	**28,965,335**	**-**	**22,166,222**	**867,037,259**	**2,142,255,450**
Total as at 31 December 2020	344,619,739	130,098,423	386,424,994	129,870,881	40,862,532	98,009,445	2,821,612	1,946,103	11,556,898	273,789	32,932,714	777,558,841	1,956,975,971

B. Distribution of exposures by stages according to FAS (30) and IFRS (9) (Net) as at 31 December 2021:

Item (JD)	Stage 1	Stage 2	Stage 3	Total
Retail	**383,840,606**	**2,165,841**	**254,040**	**386,260,487**
Industrial	**130,350,052**	**16,557,962**	**-**	**146,908,014**
Trade	**374,112,833**	**39,668,007**	**(1,542,236)**	**412,238,604**
Real Estate	**125,509,151**	**3,817,572**	**1,500,070**	**130,826,793**
Agriculture	**60,354,339**	**-**	**21,152**	**60,375,491**
Build Ups	**61,436,984**	**19,857,862**	**-**	**81,294,846**
Tourism	**2,339,930**	**148,906**	**-**	**2,488,836**
Transportation	**3,558,414**	**135,149**	**-**	**3,693,563**
Public services and facilities	**26,460,012**	**2,505,323**	**-**	**28,965,335**
shares	**-**	**-**	**-**	**-**
Financial	**22,166,222**	**-**	**-**	**22,166,222**
Government and public sector	**857,957,392**	**9,079,867**	**-**	**867,037,259**
Total	**2,048,085,935**	**93,936,489**	**233,026**	**2,142,255,450**

3. Distribution of exposures by geographical region:

Distribution of exposures according to geographical region (Net) as at 31 December 2021:

	Jordan	Other Middle East countries	Europe	America	Australia	Other	Asia	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	843,675,217	-	-	-	-	-	-	843,675,217
Balances with Banks and financial institutions	16,883,148	667,620	211,031	128,068	62,843	92,373	181,928	18,227,011
Deferred sales Receivables, other Receivables, financings and Qard Al-Hasan:	804,070,651	117,687,307	46,084,125	-	-	-	13,470,052	981,312,135
Within financial assets at amortized cost	-	26,732,789	-	-	-	-	-	26,732,789
Other Assets								
Accrued revenues	-	233,384	10,384	-	-	-	171	243,939
Prepaid expenses	1,984,424	-	-	-	-	-	-	1,984,424
Total	1,666,613,440	145,321,100	46,305,540	128,068	62,843	92,373	13,652,151	1,872,175,515
Guarantees	35,270,554	-	-	-	-	-	-	35,270,554
Letters of credit	31,961,171	-	-	-	-	-	-	31,961,171
Acceptances	17,798,604	-	-	-	-	-	-	17,798,604
Other obligations	185,049,606	-	-	-	-	-	-	185,049,606
Total Off-Balance sheet	270,079,935	-	-	-	-	-	-	270,079,935
Total as at 31 December 2021	**1,936,693,375**	**145,321,100**	**46,305,540**	**128,068**	**62,843**	**92,373**	**13,652,151**	**2,142,255,450**
Total as at 31 December 2020	1,786,893,631	130,543,675	38,036,551	446,843	412,877	640,739	1,655	1,956,975,971

Distribution of exposures by stages according to IFRS (9) (Net) as at 31 December 2021:

Item (JD)	Stage 1	Stage 2	Stage 3	Total
Jordan	**1,851,603,727**	**84,856,622**	**233,026**	**1,936,693,375**
Other Middle East countries	**136,241,233**	**9,079,867**	**-**	**145,321,100**
Europe	**46,305,540**	**-**	**-**	**46,305,540**
America	**128,068**	**-**	**-**	**128,068**
Asia	**13,652,151**	**-**	**-**	**13,652,151**
Australia	**62,843**	**-**	**-**	**62,843**
Other countries	**92,373**	**-**	**-**	**92,373**
Total	**2,048,085,935**	**93,936,489**	**233,026**	**2,142,255,450**

4 - Total credit exposures and fair value of collaterals as at 31 December 2021:

A. Total exposures of the Bank's portfolio as at 31 December 2021:

Item (JD)	Total Exposures	Collaterals fair value							Net exposures after collaterals	(ECL)
		Cash margins	Quoted Shares	Banks guarantees	Real estate	Vehicles and equipment	Other	Total collaterals		
Balances with Central Bank of Jordan	843,675,217	-	-	-	-	-	-	-	843,675,217	-
Balances with Banks and financial institutions	18,227,011	-	-	-	-	-	-	-	18,227,011	-
Deferred sales Receivables and other Receivables:										
Retail	377,736,652	1,490,692	-	-	14,771,160	57,803,955	-	74,065,807	303,670,845	3,900,432
Real estate financing	133,261,772	-	-	-	8,338,438	2,912,009	-	11,250,447	122,011,325	2,155,862
Corporates:										
Large Companies	425,741,972	2,501,955	-	-	84,534,079	3,022,467	-	90,058,501	335,683,471	21,737,987
Small and medium enterprises	78,045,198	3,217,213	-	-	4,778,266	3,494,231	-	11,489,710	66,555,488	3,277,301
Sukuk:										
Within financial assets at amortized cost	27,478,185	-	-	-	-	-	-	-	27,478,185	745,396
Accrued revenues	243,939	-	-	-	-	-	-	-	243,939	-
Prepaid expenses	1,984,424	-	-	-	-	-	-	-	1,984,424	-
Total	1,906,394,370	7,209,860	-	-	112,421,943	67,232,662	-	186,864,465	1,719,529,905	31,816,978
Off- statement of financial position items:										
Guarantees	35,599,384	5,992,695	-	-	-	-	-	5,992,695	29,606,689	328,830
Letters of credit	32,158,948	2,408,780	-	-	-	-	-	2,408,780	29,750,168	197,777
Acceptances	17,987,918	-	-	-	-	-	-	-	17,987,918	189,314
Unutilized limits	185,424,670	-	-	-	17,780,747	-	1,911,956	19,692,703	165,731,967	375,064
Total off- statement of financial position items	271,170,920	8,401,475	-	-	17,780,747	-	1,911,956	28,094,178	243,076,742	1,090,985
Total as at 31 December 2021	**2,177,565,290**	**15,611,335**	**-**	**-**	**130,202,690**	**67,232,662**	**1,911,956**	**214,958,643**	**1,962,606,647**	**32,907,963**

B. Credit exposures within stage 3 as at 31 December 2021:

Item (JD)	Total exposures	Collaterals fair value							Net exposures after collaterals	(ECL)
		Cash margins	Quoted shares	Bank guarantees	Real estate	Vehicles and equipment	Other	Total collaterals		
Retail	**3,965,318**	-	-	-	**78,224**	**10,000**	-	**88,224**	**3,877,094**	**3,098,913**
Real estate financing	**3,669,904**	-	-	-	-	-	-	-	**3,669,904**	**1,890,717**
Corporates:										
Large Companies	**17,248,256**	-	-	-	**4,542,408**	-	-	**4,542,408**	**12,705,848**	**19,610,801**
Small and medium enterprises	**4,304,144**	-	-	-	**2,139,002**	**380,267**	-	**2,519,269**	**1,784,875**	**2,767,319**
Total	**29,187,622**	-	-	-	**6,759,634**	**390,267**	-	**7,149,901**	**22,037,721**	**27,367,750**
Off- statement of financial position items										
Guarantees	**935,238**	**66,595**	-	-	-	-	-	**66,595**	**868,643**	**120,207**
Total off- statement of financial position items	**935,238**	**66,595**	-	-	-	-	-	**66,595**	**868,643**	**120,207**
Total	**30,122,860**	**66,595**	-	-	**6,759,634**	**390,267**	-	**7,216,496**	**22,906,364**	**27,487,957**

5-Total reclassified credit exposures and total expected credit losses:

A. Total reclassified credit exposure as at 31 December 2021:

Item (JD)	Stage 2		Stage 3		Total reclassified exposures	Percentage of reclassified exposures
	Total exposures	Reclassified exposures	Total exposures	Reclassified exposures		
Deferred sales Receivables and other Receivables	**61,855,855**	**14,860,815**	**29,187,622**	**3,202,051**	**18,062,866**	**20%**
Financial assets at amortized cost	**9,512,074**	-	-	-	-	-
Total	**71,367,929**	**14,860,815**	**29,187,622**	**3,202,051**	**18,062,866**	**18%**
Off- statement of financial position items:						
Guarantees	**3,053,759**	**824,152**	**935,238**	**757,094**	**1,581,246**	**40%**
Letters of credit	**110,907**	-	-	-	-	-
Acceptances	**47,090**	-	-	-	-	-
Unutilized limits	**21,665,230**	**10,909,910**	-	-	**10,909,910**	**50%**
Total off- statement of financial position items	**24,876,986**	**11,734,062**	**935,238**	**757,094**	**12,491,156**	**48%**
Total	**96,244,915**	**26,594,877**	**30,122,860**	**3,959,145**	**30,554,022**	**24%**

B. The amount of expected credit losses as at 31 December 2021:

	Stage 2		Stage 3		Total reclassified ECL	Percentage of ECL
Item (JD)	Total ECL	Reclassified ECL	Total ECL	Reclassified ECL		
Deferred sales Receivables and other Receivables	**1,641,481**	**362,183**	**27,367,750**	**189,771**	**551,954**	**2%**
Financial assets at amortized cost	**527,451**	-	-	-	-	-
Total	**2,168,932**	**362,183**	**27,367,750**	**189,771**	**551,954**	**2%**
Off- statement of financial position items:						
Guarantees	**77,855**	**73,042**	**120,207**	**142**	**73,184**	**37%**
Letters of credit	**3,283**	-	-	-	-	-
Acceptances	**966**	-	-	-	-	-
Unutilized limits	**152,634**	**13,030**	-	-	**13,030**	**8%**
Total off- statement of financial position items	**234,738**	**86,072**	**120,207**	**142**	**86,214**	**24%**
Total	**2,403,670**	**448,255**	**27,487,957**	**189,913**	**638,168**	**2%**

C. Reclassified credit losses:

	Reclassified exposures			ECL for Reclassified exposures				
Item (JD)	Total exposures reclassified from stage 2	Total exposures reclassified from stage 3	Total exposure reclassified	Stage 2 (individual)	Stage 2 (collective)	Stage 3 (individual)	Stage 3 (collective)	Total
Deferred sales Receivables and other Receivables	**6,843,967**	**2,181,554**	**9,025,521**	**506,687**	-	**273,262**	-	**779,949**
Total	**6,843,967**	**2,181,554**	**9,025,521**	**506,687**	-	**273,262**	-	**779,949**
Off- statement of financial position items:								
Guarantees	**1,550,367**	**370,098**	**1,920,465**	**18,676**	-	**70,532**	-	**89,208**
Letters of credit	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Unutilized limits	**4,842,753**	-	**4,842,753**	**43,269**	-	-	-	**43,269**
Total off- statement of financial position items	**6,393,120**	**370,098**	**6,763,218**	**61,945**	-	**70,532**	-	**132,477**
Total	**13,237,087**	**2,551,652**	**15,788,739**	**568,632**	-	**343,794**	-	**912,426**

51\A. Credit Risk

1. Exposures to Credit Risk (after provision for expected credit losses and before collateral held and other risk mitigating factors)

	Joint		Self		Total	
	31 December		31 December		31 December	
	2021	2020	**2021**	2020	**2021**	2020
Statement	JD	JD	JD	JD	JD	JD
Financial position items:						
Balances with Central Bank	**-**	-	**843,675,217**	754,107,509	**843,675,217**	754,107,509
Balances with Banks and financial institutions	**-**	-	**18,227,011**	15,555,154	**18,227,011**	15,555,154
Deferred Sales Receivables and Other Receivables:						
Retail	**317,057,687**	283,002,876	**56,164,168**	50,679,729	**373,221,855**	333,682,605
Real estate financings	**130,826,793**	129,870,881	**-**	-	**130,826,793**	129,870,881
Corporates:						
Large companies	**402,162,271**	325,605,630	**1,040,062**	1,489,373	**403,202,333**	327,095,003
Small and medium enterprises	**73,924,228**	95,643,629	**136,926**	134,226	**74,061,154**	95,777,855
Sukuk:						
Within financial assets at amortized cost	**26,732,789**	37,363,911	**-**	-	**26,732,789**	37,363,911
Other assets:						
Accrued revenue	**243,939**	346,398	**-**		**243,939**	346,398
Prepaid expenses	**-**	-	**1,984,424**	964,834	**1,984,424**	964,834
Off – Statement of Financial Position:						
Letters of Guarantee	**-**	-	**35,270,554**	38,811,818	**35,270,554**	38,811,818
Letters of credit	**-**	-	**31,961,171**	25,775,484	**31,961,171**	25,775,484
Acceptances	**-**	-	**17,798,604**	6,937,199	**17,798,604**	6,937,199
Unutilized limits	**122,404,899**	133,675,795	**62,644,707**	57,011,525	**185,049,606**	190,687,320
Total	**1,073,352,606**	1,005,509,120	**1,068,902,844**	951,466,851	**2,142,255,450**	1,956,975,971

2. Distribution of Credit Risk Exposure according to the degree of risk, Central Bank of Jordan regulations, and the International Financial Reporting Standards.

The credit exposure is distributed according to the degree of risk according to the following table:

	Joint							Self						
31 December 2021	Retail	Real estate	Large companies	Medium enterprises	Banks and other financial institutions	Government and public sector	Total	Government and public sector	Banks and other financial institutions	Large companies	Medium enterprises	Retail	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Low risk	**1,490,692**	**-**	**2,501,955**	**3,217,213**	**-**	**14,489,653**	**21,699,513**	**843,684,737**	**-**	**-**	**-**	**-**	**843,684,737**	**865,384,250**
Acceptable risk	**345,472,655**	**144,160,851**	**388,666,088**	**65,158,160**	**3,594,740**	**9,607,318**	**956,659,812**	**-**	**18,227,011**	**3,253,402**	**137,389**	**56,218,877**	**77,836,679**	**1,034,496,491**
Past due														
Up to 30 days	**169,260**	**45,687**	**856,943**	**125,900**	**-**	**-**	**1,197,790**	**-**	**-**	**-**	**-**	**-**	**-**	**1,197,790**
From 31 to 59 days (stage 2)	**1,782,307**	**114,112**	**2,716,633**	**217,153**	**-**	**-**	**4,830,205**	**-**	**-**	**-**	**-**	**-**	**-**	**4,830,205**
Watch list	**1,106,675**	**2,141,204**	**19,795,309**	**7,899,214**	**-**	**-**	**30,942,402**	**-**	**-**	**51,352**	**273**	**9,777**	**61,402**	**31,003,804**
Non-performing:														
Sub-standard	**485,779**	**175,200**	**-**	**354,729**	**-**	**-**	**1,015,708**	**-**	**-**	**-**	**281**	**19,929**	**20,210**	**1,035,918**
Doubtful	**404,204**	**1,318,082**	**25,890**	**114,215**	**-**	**-**	**1,862,391**	**-**	**-**	**-**	**7,090**	**50,381**	**57,471**	**1,919,862**
Bad debts	**2,401,944**	**2,176,622**	**14,261,052**	**3,592,462**	**-**	**-**	**22,432,080**	**-**	**-**	**2,961,314**	**235,367**	**603,081**	**3,799,762**	**26,231,842**
Total	**353,313,516**	**150,131,758**	**428,823,870**	**80,679,046**	**3,594,740**	**24,096,971**	**1,040,639,901**	**843,684,737**	**18,227,011**	**6,266,068**	**380,400**	**56,902,045**	**925,460,261**	**1,966,100,162**
Less: Deferred revenue	**32,478,909**	**16,869,986**	**7,342,608**	**3,014,248**	**-**	**-**	**59,705,751**	**-**	**-**	**41**	**-**	**-**	**41**	**59,705,792**
Revenues in suspense	**614,365**	**279,117**	**784,424**	**705,253**	**-**	**-**	**2,383,159**	**-**	**-**	**17,228**	**1,490**	**-**	**18,718**	**2,401,877**
Provision for impairment	**3,162,555**	**2,155,862**	**18,504,154**	**3,035,317**	**947**	**744,449**	**27,603,284**	**-**	**-**	**3,233,833**	**241,984**	**737,877**	**4,213,694**	**31,816,978**
Net	**317,057,687**	**130,826,793**	**402,192,684**	**73,924,228**	**3,593,793**	**23,352,522**	**950,947,707**	**843,684,737**	**18,227,011**	**3,014,966**	**136,926**	**56,164,168**	**921,227,808**	**1,872,175,515**
31 December 2020														
Low risk	1,113,221	-	3,878,960	3,210,115	-	14,439,691	22,641,987	754,163,979	-	-	-	-	754,163,979	776,805,966
Acceptable risk	310,967,932	144,591,725	315,012,130	93,881,977	14,311,341	9,703,109	888,468,214	-	15,555,154	2,253,976	138,269	50,725,731	68,673,130	957,141,344
Past due														
Up to 30 days	133,382	105,209	1,569,353	55,566	-	-	1,863,510	-	-	-	-	-	-	1,863,510
From 31 to 59 days (stage 2)	1,266,910	5,070	652,515	286,499	-	-	2,210,994	-	-	-	-	-	-	2,210,994
Watch list	1,086,644	3,005,054	18,906,643	3,138,212	-	-	26,136,553	-	-	-	502	9,368	9,870	26,146,423
Non-performing:														
Sub-standard	485,805	847,562	677,308	199,401	-	-	2,210,076	-	-	-	117	24,681	24,798	2,234,874
Doubtful	606,650	102,238	-	77,070	-	-	785,958	-	-	-	1,070	55,410	56,480	842,438
Bad debts	2,059,008	2,069,448	15,189,764	3,652,707	-	-	22,970,927	-	-	3,356,784	164,789	528,374	4,049,947	27,020,874
Total	317,719,552	150,726,306	355,886,673	104,501,547	14,311,341	24,142,800	967,288,219	754,163,979	15,555,154	5,610,760	304,747	51,343,564	826,978,204	1,794,266,423
Less: Deferred revenue	31,232,447	18,156,366	7,192,032	3,923,094	-	-	60,503,939	-	-	184	-	-	184	60,504,123
Revenues in suspense	492,250	279,380	964,276	585,969	-	-	2,321,875	-	-	17,085	-	-	17,085	2,338,960
Provision for impairment	2,991,979	2,419,679	22,103,349	4,348,855	17,280	747,938	32,629,080	-	-	3,195,754	170,521	663,835	4,030,110	36,659,190
Net	283,002,876	129,870,881	325,627,016	95,643,629	14,294,061	23,394,862	871,833,325	754,163,979	15,555,154	2,397,737	134,226	50,679,729	822,930,825	1,694,764,150

Fair value of collaterals against deferred sales receivables, other receivables and financings:

	Joint					Self					
2021	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	Retail	Real estate financing	Large companies	Small and medium enterprises	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Collaterals against:											
Low risk	**1,490,692**	**-**	**2,501,955**	**3,217,213**	**7,209,860**	**-**	**-**	**-**	**-**	**-**	**7,209,860**
Acceptable risk	**69,435,383**	**9,759,182**	**75,248,638**	**7,134,811**	**161,578,014**	**-**	**-**	**-**	**-**	**-**	**161,578,014**
Watch list	**1,221,744**	**641,752**	**8,516,492**	**546,702**	**10,926,690**	**-**	**-**	**-**	**-**	**-**	**10,926,690**
Non-performing:											
Sub-standard	**-**	**-**	**-**	**100,000**	**100,000**	**-**	**-**	**-**	**-**	**-**	**100,000**
Doubtful	**73,194**	**416,846**	**628,783**	**44,787**	**1,163,610**	**-**	**-**	**-**	**-**	**-**	**1,163,610**
Bad debts	**1,844,794**	**432,667**	**2,547,534**	**446,197**	**5,271,192**	**-**	**-**	**615,099**	**-**	**615,099**	**5,886,291**
Total	**74,065,807**	**11,250,447**	**89,443,402**	**11,489,710**	**186,249,366**	**-**	**-**	**615,099**	**-**	**615,099**	**186,864,465**
Of which:											
Cash margins	**1,490,692**	**-**	**2,501,955**	**3,217,213**	**7,209,860**	**-**	**-**	**-**	**-**	**-**	**7,209,860**
Real estate	**14,771,160**	**8,338,438**	**83,918,980**	**4,778,266**	**111,806,844**	**-**	**-**	**615,099**	**-**	**615,099**	**112,421,943**
Quoted shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Vehicles and equipment	**57,803,955**	**2,912,009**	**3,022,467**	**3,494,231**	**67,232,662**	**-**	**-**	**-**	**-**	**-**	**67,232,662**
Accepted Bank guarantees	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	74,065,807	**11,250,447**	**89,443,402**	**11,489,710**	**186,249,366**	**-**	**-**	**615,099**	**-**	**615,099**	**186,864,465**
2020											
Collaterals against:											
Low risk	1,113,221	-	3,878,960	3,210,115	8,202,296	-	-	-	-	-	8,202,296
Acceptable risk	72,574,902	10,054,657	78,597,791	7,617,959	168,845,309	-	-	-	-	-	168,845,309
Watch list	1,012,040	1,201,175	3,253,879	278,328	5,745,422	-	-	-	-	-	5,745,422
Non-performing:											
Sub-standard	256,793	232,566	359,134	60,500	908,993	-	-	-	-	-	908,993
Doubtful	202,613	-	-	5,274	207,887	-	-	-	-	-	207,887
Bad debts	2,016,751	907,613	4,107,396	821,904	7,853,664	-	-	882,487	-	882,487	8,736,151
Total	77,176,320	12,396,011	90,197,160	11,994,080	191,763,571	-	-	882,487	-	882,487	192,646,058
Of which:											
Cash margins	1,113,221	-	3,878,960	3,210,115	8,202,296	-	-	-	-	-	8,202,296
Real estate	18,296,621	9,528,500	85,666,513	5,734,157	119,225,791	-	-	882,487	-	882,487	120,108,278
Quoted shares	-	-	-	-	-	-	-	-	-	-	-
Vehicles and equipment	57,766,478	2,867,511	651,687	3,049,808	64,335,484	-	-	-	-	-	64,335,484
Accepted Bank guarantees	-	-	-	-	-	-	-	-	-	-	-
	77,176,320	12,396,011	90,197,160	11,994,080	191,763,571	-	-	882,487	-	882,487	192,646,058

3- Sukuk: The following table shows the classification of Sukuk according to external rating agencies:

Rating grade	Rating agency	Within financial assets at amortized cost
		JD
A-	Fitch	3,544,379
B+	S & P	8,984,623
BBB-	S & P	3,557,934
BB-	Fitch	10,645,853
Total		26,732,789

Deferred Sales Receivables and Other Receivables and Re-Scheduled Financings:

- These are the receivables previously rated as non-performing receivables/financings and excluded from the non-performing receivables and financings framework by virtue of Re-scheduling. These receivables have been classified within watch-list receivables/financings and amounted to JD 1,516 thousand as at 31 December 2021, regardless of whether they remain in the watch list or are transferred to the performing receivables (JD 1,459 thousand as at 31 December 2020).

Deferred Sales Receivables and Other Receivables and Re-structured Financings:

- Restructuring means re-arranging receivables/financings in terms of amending installments, extending their life of receivables/financings, deferring some installments, or extending their grace period. They are classified as watch-list receivables/financings and amounted to JD 41,426 thousand as at 31 December 2021 (JD 33,683 thousand as at 31 December 2020).

4. Concentration of Credit Risk Exposures as per Geographical Distribution is as follows:

Item / Geographical Area	Jordan	Other middle eastern countries	Europe	America	Australia	Other	Asia	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank of Jordan	843,675,217	-	-	-	-	-	-	843,675,217
Balances with Banks and financial institutions	16,883,148	667,620	211,031	128,068	62,843	92,373	181,928	18,227,011
Deferred Sales Receivables: other Receivables and Financings:					-	-	-	373,221,855
Retail	373,221,855	-	-	-	-	-	-	130,826,793
Real estate financings	130,826,793	-	-	-				
Corporates:					-	-	-	403,202,333
Large companies	225,960,849	117,687,307	46,084,125	-	-	-	13,470,052	74,061,154
Small and medium enterprises	74,061,154	-	-	-	-	-	-	26,732,789
Within financial assets at amortized cost	-	26,732,789	-	-				
Other Assets:					-	-	-	-
Accrued revenue	-	233,384	10,384	-	-	-	171	243,939
Prepaid expenses	1,984,424	-	-	-	-	-	-	1,984,424
Total as at 31 December 2021	**1,666,613,440**	**145,321,100**	**46,305,540**	**128,068**	**62,843**	**92,373**	**13,652,151**	**1,872,175,515**
Total as at 31 December 2020	1,524,681,810	130,543,675	38,036,551	446,843	412,877	640,739	1,655	1,694,764,150

5. Concentration of Credit Risk Exposures as per Economic Concentration is as follows:

Item / Sector	Retail	Industrial	Trading	Real Estate	Agriculture	Constructions	Tourism	Transportation	Services and public utilities	Shares	Finance	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	-	-	-	843,675,217	843,675,217
Balances at Banks and financial institutions	-	-	-	-	-	-	-	-	-	-	18,227,011	-	18,227,011
Deferred sales Receivables, other receivables, and Financings	373,221,855	93,060,189	308,266,028	130,826,793	36,203,457	18,628,008	1,698,694	2,429,573	16,977,538	-	-	-	981,312,135
Sukuk:													
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-	3,544,379	23,188,410	26,732,789
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued revenues	-	-	30,413	-	-	-	-	-	-	-	49,414	164,112	243,939
Prepaid expenses	-	-	1,629,486	-	-	-	-	-	-	-	345,418	9,520	1,984,424
Total as at 31 December 2021	**373,221,855**	**93,060,189**	**309,925,927**	**130,826,793**	**36,203,457**	**18,628,008**	**1,698,694**	**2,429,573**	**16,977,538**	**-**	**22,166,222**	**867,037,259**	**1,872,175,515**
Total as at 31 December 2020	333,682,605	75,594,299	279,674,053	129,870,881	30,922,604	28,572,829	2,141,024	847,809	5,249,952	273,789	30,375,464	777,558,841	1,694,764,150

51\B- Market Risk

The Bank adopts financial policies for managing various risk within a defined strategy. Moreover, the Bank's assets and liabilities management committee monitors, and controls risks and carries out the optimal strategic distribution for assets and liabilities, whether on- or off-the statement of financial position. These risks include:

- Updating the Bank's investment policies; presenting them periodically to the Board of Directors for approval; reviewing the implementation of the investment policies and evaluating their results in comparison with the market indicators and Banking competitiveness.
- Forming investment decision-making committees and vesting authority's inconformity with the Bank's investment policy.
- Setting-up an annual investment plan, taking into consideration projections of the Assets and Liabilities Committee in respect of the expected returns and market rate fluctuations. The plan has to include the investment instruments available in the low-risk market.
- Preparing reports on the market rates and presenting them to the Assets and Liabilities Committee to monitor any sudden drop in the prices of the invested financial instruments to avoid the risks of market rates fluctuations.

1. Rate of Return Risks

- Rate of return risks arise from the increase in long-term fixed rates in the market, which do not correspond immediately with the emerging changes in the high return index. The necessary steps must be taken to ensure availability of administrative measures related to renewal, measurement and follow-up of the average return risk. Moreover, reports should be prepared on rate of return risks. They should also be monitored, and the soundness of their structure should be verified.
- The Bank is exposed to the average return risks due to a gap in the amounts of assets and liabilities as per the multiple maturity times or due to re-pricing of the average return over the subsequent transactions during a specific period. The Bank manages such risks by determining the future profit rates in accordance with the projections of market conditions and developing new instruments that are Shari'a compliant through the Bank's risk management strategy.
- Obtaining the best possible returns available in the market based on the International Market Index (LIBOR) and (JODIBOR) as a standard and benchmark for both the portfolio and investments managed by the Bank.
- Observing the risks arising from these investments based on the diversity option based on countries, institutions, and regions; and ensuring mitigation of the risk effects arising from managing investment.
- Complying with management of investments by matching the Bank's liabilities, represented by deposits, and assets in foreign currencies comprised of investments in foreign currencies. Accordingly, term restricted deposits are invested on a short-term investment basis while the long- term deposits are invested on a medium- or long- term investment basis.

2. Foreign Exchange Risk

Foreign currencies are managed on a spot basis rather than on a forward basis. Accordingly, the foreign currency positions are monitored daily, and so are the limits for the positions for every currency. Moreover, the Bank's general policy for managing foreign currencies is based on liquidating the position on time and covering the required positions as per the customers' needs. In respect of open foreign currency positions held against each other, the Bank relies on the instructions of the Central Bank of Jordan. These instructions prescribe that licensed Banks should hold open positions (long and short) in foreign currencies, not exceeding 5% of the shareholders' equity for each currency separately. This percentage does not apply to the US Dollar, as it is a base currency. As such, the total position for all currencies may not exceed 15% of the shareholders' equity of the Bank.

2021	Change in Currency Exchange Rate	Effect on Profit and Loss	Effect on Shareholders' Equity
	(%)	JD	JD
USD	**5%**	**248,949**	**-**
EUR	**5%**	**883**	**-**
GBP	**5%**	**2,676**	**-**
Other currencies	**5%**	**39,767**	**-**

2020	Change in Currency Exchange Rate	Effect on Profit and Loss	Effect on Shareholders' Equity
	(%)	JD	JD
Total USD	5%	266,910	-
EUR	5%	2,660	-
GBP	5%	(1,089)	-
Other currencies	5%	37,301	-

3. Change in Share Prices Risk

The policy adopted by the Bank regarding the management of stocks and securities is based on analyzing the financial indicators of these prices and evaluating them fairly based on stock valuation models, taking into account the risks of change in the fair value of investments that the Bank works to manage by diversifying investments and diversifying economic sectors.

2021	Change in the Index	Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on joint investments accounts holders
Indicator	(%)	JD	JD	JD
Financial Markets	**%5**	**-**	**292,146**	**195,734**

2020	Change in the Index	Effect on Profit and Loss	Effect on Shareholders' Equity	Effect on joint investments accounts holders
Indicator	(%)	JD	JD	JD
Financial Markets	%5	-	281,495	161,962

4. Commodities' Risks

The commodities' risks arise from the fluctuations in the prices of tradable or leasable assets. Moreover, they are associated with the present and future fluctuations in the market values of specific assets. In this respect, the Bank is exposed to the fluctuations in the prices of commodities bought and fully paid for after signing sales contracts and during the year of acquisition. It is also exposed to the fluctuations in the residual value of the leased premises as at the end of the lease period.

Concentration of Foreign Currency Risk

(To the nearest 000 JDs)

31 December 2021	US Dollar	Euro	Sterling Pound	Japanese Yen	Others	Total (JD)
Assets:						
Cash and Balances with Central Bank	**16,741**	**271**	**21**	**-**	**29**	**17,062**
Balances with Banks and financial institutions	**340**	**13,395**	**524**	**183**	**2,878**	**17,320**
Sales receivables, other receivables, financings and Ijara	**187,078**	**33**	**3,486**	**1**	**5,410**	**196,008**
Financial assets at fair value through shareholders' equity	**5,679**	**-**	**-**	**-**	**-**	**5,679**
Financial assets at amortized cost	**26,733**	**-**	**-**	**-**	**-**	**26,733**
Other assets	**258**	**-**	**-**	**-**	**1**	**259**
Total assets	**236,829**	**13,699**	**4,031**	**184**	**8,318**	**263,061**
Liabilities:						
Banks and financial institutions' account	**994**	**28**	**106**	**-**	**-**	**1,128**
Customers' deposits (current, savings and long term)	**208,751**	**12,632**	**3,822**	**181**	**7,520**	**232,906**
Cash margins	**7,690**	**96**	**41**	**2**	**-**	**7,829**
Other liabilities	**13,563**	**927**	**8**	**-**	**3**	**14,501**
Total Liabilities	**230,998**	**13,683**	**3,977**	**183**	**7,523**	**256,364**
Net concentration within the statement of financial position for the current year	**5,831**	**16**	**54**	**1**	**795**	**6,697**
Contingent liabilities off- statement of financial position for the current year	**46,961**	**5,467**	**-**	**124**	**-**	**52,552**

31 December 2020						
Total Assets	193,522	12,053	3,904	2	8,801	218,282
Total Liabilities	187,548	12,000	3,927	2	8,055	211,532
Net Concentration within the Statement of Financial Position	5,974	53	(23)	-	746	6,750
Contingent Liabilities off- Statement of Financial Position	31,544	5,065	-	74	444	37,127

51\C- Liquidity Risk

Management of cash liquidity is a clear expression of the Bank's ability to meet its cash obligations in the short and long terms within its general strategic framework that aims at realizing an optimal return on its investments. Moreover, the Bank's cash liquidity is reviewed and studied over many years .At the branches, the branch's management and Treasury review and study the cash obligations and the available funds daily. On the Bank's level in general, cash liquidity is studied by the Financial Control Department and General Treasury Department daily. Moreover, the cash liquidity and the Bank's assets and liabilities are studied and analyzed on a monthly basis. The cash liquidity review includes analyzing the maturity dates of assets and liabilities as a whole to ensure that they match properly. Their view also includes analyzing the sources of funds in accordance with the nature of their sources and uses.

First: The following table summarizes the distribution of liabilities (not discounted) on the basis of the remainder of the contractual maturity at the date of the financial statements:

(To the nearest 000JDs)

31 December 2021	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to one year	Up to 3 years	More than 3 years	Without maturity	Total
Liabilities								
Banks and financial institutions accounts	**1,646**	-	-	-	-	-	-	**1,646**
Customers' current accounts	**290,836**	**115,635**	**92,227**	**68,818**	**212,765**	-	-	**780,281**
Cash margins	**16,258**	**625**	**3,216**	**12,272**	-	-	-	**32,371**
Other provisions	-	-	-	-	-	-	**3,724**	**3,724**
Income tax provision	**2,899**	-	**8,647**	-	-	-	-	**11,546**
Deferred tax liability	-	-	-	-	-	-	**377**	**377**
Lease liability	**67**	**177**	**229**	**363**	**836**	**4,269**	-	**5,941**
Other Liabilities	**21,031**	**1,480**	**16,181**	-	-	-	**1,091**	**39,783**
Joint investment accounts	**247,327**	**266,145**	**150,875**	**921,430**	**80,527**	-	-	**1,666,304**
Joint fair value reserve - Net	-	-	-	-	-	-	**(398)**	**(398)**
Provision of future expected investment risks	-	-	-	-	-	-	**1,469**	**1,469**
Total	**580,064**	**384,062**	**271,375**	**1,002,883**	**294,128**	**4,269**	**6,263**	**2,543,044**
Total Assets (according to expected maturities)	**1,161,449**	**148,332**	**141,021**	**195,610**	**622,962**	**470,877**	**69,288**	**2,809,539**
31 December 2020								
Liabilities								
Banks and financial institutions accounts	262	-	-	-	-	-	-	262
Customers' current accounts	268,901	107,144	85,508	63,873	195,769	-	-	721,195
Cash margins	14,190	149	4,867	11,434	-	-	-	30,640
Other provisions	-	-	-	-	-	-	3,546	3,546
Income tax provision	2,996	-	8,363	-	-	-	-	11,359
Deferred tax liability	-	-	-	-	-	-	296	296
Lease liability	-	-	82	285	539	3,846	-	4,752
Other Liabilities	21,973	3,889	1,302	-	-	-	1,078	28,242
Provision of future expected investment risks	-	-	-	-	-	-	4,037	4,037
Joint investment accounts	244,293	269,719	162,707	739,094	78,403	-	-	1,494,216
Total	552,615	380,901	262,829	814,686	274,711	3,846	8,957	2,298,545
Total Assets (according to expected maturities)	907,665	244,902	122,828	234,393	491,714	472,096	69,593	2,543,191

Liquid Coverage Ratio (LCR)

The liquidity ratio reached 427% as on 31 December 2021, compared to 388% as on 31 December 2020, noting that the minimum liquidity coverage ratio according to the liquidity coverage ratio instructions No. (15/2020) issued by the Central Bank of Jordan is 100%.

Second: Off-Statement of Financial Position Items

	Up to One Year	
	2021	2020
	JD	JD
Letters of credit and acceptances	**50,146,866**	32,945,802
Unutilized limits	**185,424,670**	191,156,616
Letters of Guarantees	**35,599,384**	39,187,351
Total	**271,170,920**	263,289,769

52. Information about the Bank's Business Sectors

A. Information about the Bank's Activities

The Bank is organized, for administrative purposes, whereby the sectors are measured in accordance with the reports used by the Bank's executive manager and decision-maker through the following four major sectors:

Retail Banking
This includes following up on the joint investment accounts, deferred sales receivables, financings, credit cards and other services.

Corporate Banking
This includes following up on the joint investment accounts, deferred sales receivables, financing and other Banking services related to corporate customers.

Treasury
This sector includes providing trading and treasury services and management of the Bank's funds.

Other
It includes any unusual matters not belonging to the above sectors.

The following represents information about the Bank's business sectors distributed according to activities (amounts in 000 JD):

					Total	
					31 December	
	Retail	Corporates	Treasury	Others	**2021**	2020
	JD	JD	JD	JD	**JD**	JD
Gross income (Joint and Self)	55,715	20,310	2,765	-	**78,790**	80,330
Share of Investment Risks Fund	-	-	-	-	**-**	-
ECL of sales receivables and other receivables - self	-	(300)	-	-	**(300)**	(165)
Recoveries from ECL - joint	838	6,524	-	-	**7,362**	3,198
Business Sector Results	56,553	26,534	2,765	-	**85,852**	83,363
Undistributed expenses	(15,483)	(3,499)	(292)	(18,425)	**(37,699)**	(38,637)
Income before Tax	41,070	23,035	2,473	(18,425)	**48,153**	44,726
Income tax	(12,280)	(6,887)	739	5,471	**(14,435)**	(14,286)
Income for the Year	28,790	16,148	1,734	(12,954)	**33,718**	30,440
Segment's Assets	1,211,144	445,555	1,076,115	-	**2,732,814**	2,473,850
Sector's Undistributed Assets	-	-	-	76,725	**76,725**	69,341
Total Segment's Assets	1,211,144	445,555	1,076,115	76,725	**2,809,539**	2,543,191
Segment's Liabilities, Joint Investment Equity and ECL provision	1,744,322	734,582	1,645	-	**2,480,549**	2,248,209
Undistributed Liabilities, Joint Investment Equity and ECL provision	-	-	-	62,494	**62,494**	50,336
Total Segment's Liabilities, Joint Investment Equity and Investment Risk Fund	1,744,322	734,582	1,645	62,494	**2,543,043**	2,298,545
					2021	2020
					JD	JD
Capital expenses	4,783	-	-		**4,783**	1,835
Depreciation and Amortization	1,523	3	1		**2,554**	2,519
Right of use assets	7,005	-			**7,005**	5,630
Right of use assets-amortization	1,184	-	-		**1,184**	1,201

B. Information on the Geographical Distribution

This note represents the geographical distribution of the Bank's operations. The Bank performs its operations mainly in the Hashemite Kingdom of Jordan, and these operations represent the local activities.

The following is the distribution of the Bank's income, assets and capital expenditures as per geographical sector based on their measurement method in accordance with the reports used by the Bank's Executive Manager and decision-maker at the Bank:

	(To the nearest 000 JDs)					
	Inside Kingdom		Outside Kingdom		Total	
	2021	2020	**2021**	2020	**2021**	2020
Gross income	**84,473**	79,499	**1,679**	4,029	**86,152**	83,528
Total assets	**2,603,518**	2,372,196	**206,021**	170,995	**2,809,539**	2,543,191
Capital expenses	**4,783**	1,835	**-**	-	**4,783**	1,835

53. Capital Management

The Bank's management takes into consideration the requirements of the Central Bank of Jordan. These requirements necessitate making available sufficient self-funds to cover a specific rate of the risk-weighted assets consistent with the nature of the granted financing and direct investment for this purpose. Moreover, capital consists of what the Central Bank has determined as regulatory capital (being the primary capital and the supplementary capital).

The capital's Management aims at investing the funds in financial instruments with various risks (high risk and low risk) in order to realize a good return as well as to realize the capital adequacy ratio of 12% required by the Central Bank.

The most significant reason for the change in regulatory capital during the year is that profits realized during the year were not distributed but rather capitalized in shareholders' equity through the statutory, voluntary and special reserves.

The Capital Adequacy ratio is calculated based on the Central Bank of Jordan regulations and the (IFSB). The following represents the Capital Adequacy ratio compared to prior year:

	(to the nearest 000 JDs)	(to the nearest 000 JDs)
	31 December 2021	31 December 2020
	JD	JD
Common equity Tier 1 – net (CET1)	**221,553**	228,434
Common equity Tier 1 – (CET1)	**266,286**	244,476
Authorized and paid up capital	**100,000**	100,000
Statutory reserve	**44,549**	39,733
Voluntary reserve	**4,262**	4,262
Retained earnings	**117,069**	100,166
Fair value reserve	**616**	484
Bank's share from fair value reserve – joint	**(210)**	(169)
Less:		
Intangible assets	**(1,657)**	(975)
Proposed profit for distribution	**(40,000)**	(12,000)
Retained earnings restricted to use	**(181)**	(181)
Deferred tax assets – self and joint (After deducting deferred tax liabilities)	**(2,895)**	(2,886)
Tier 2	**2,038**	2,252
Expected credit losses provisions against direct and indirect facilities, self and joint	**2,038**	2,252
Total Regulatory Capital	**223,591**	230,686
Total Risk-weighted Assets	**1,090,143**	1,027,603
Capital Adequacy Ratio (%)	**20,51%**	22,45%
CET1 (%)	**20,32%**	22,23%
Tier1 (%)	**20,32%**	22,23%
Tier2 (%)	**0,19%**	0,22%
Leverage Ratio (%)	**13,31%**	15,24%

54. Assets and Liabilities maturity analysis

The following table analyzes assets and liabilities in accordance with the expected period of their recoverability or settlement:

	(to the nearest 000 JDs)			
	Up to 1 Year	Over 1 Year	Without Maturity	Total
31 December 2021	JD	JD	JD	JD
Assets:				
Cash and balances with Central Bank of Jordan	**889,168**	-	-	**889,168**
Balances with Banks and financial institutions	**18,227**	-	-	**18,227**
Deferred sales receivables and other receivables – Net	**538,971**	**385,009**	-	**923,980**
Deferred sales receivables through the statement of income	-	-	-	-
Ijara Muntahia Bittamleek - Net	**131,045**	**676,571**	-	**807,616**
Financial assets at fair value through shareholders' equity – Self	-	-	**5,843**	**5,843**
Financial assets at fair value through joint investment – Accounts' holders	-	-	**3,915**	**3,915**
Financial assets at amortized cost	**3,545**	**23,188**	-	**26,733**
Investments in real estate	-	-	**18,989**	**18,989**
Al-Qard Al-Hasan loans	**55,679**	**1,653**	-	**57,332**
Property and equipment - Net	-	-	**18,356**	**18,356**
Intangible assets	**414**	**1,243**	-	**1,657**
Right-of-use Assets	**1,273**	**5,733**	-	**7,006**
Deferred tax assets	-	-	**3,273**	**3,273**
Other assets	**8,090**	**442**	**18,912**	**27,444**
Total Assets	**1,646,412**	**1,093,839**	**69,288**	**2,809,539**
Liabilities and Joint Investment Accounts' Holders				
Banks and financial institutions accounts	**1,646**	-	-	**1,646**
Customers' current and demand account	**567,516**	**212,765**	-	**780,281**
Cash margins	**32,371**	-	-	**32,371**
Other provisions	-	-	**3,724**	**3,724**
Income tax provision	**11,546**	-	-	**11,546**
Deferred tax liability	-	-	**377**	**377**
Lease liability	**836**	**5,105**	-	**5,941**
Other liabilities	**38,692**	-	**1,091**	**39,783**
Joint investment accounts	**1,585,777**	**80,527**	-	**1,666,304**
Joint fair value reserve - Net	-	-	**(398)**	**(398)**
Provision for future expected investment risks	-	-	**1,469**	**1,469**
Total Liabilities and Joint Investment Accounts Holders	**2,238,384**	**298,397**	**6,263**	**2,543,044**
Net	**(591,972)**	**795,442**	**63,025**	**266,495**

	(to the nearest 000 JDs)			
	Up to 1 Year	Over 1 Year	Without Maturity	Total
31 December 2020	JD	JD	JD	JD
Assets:				
Cash and balances with Central Bank of Jordan	795,967	-	-	795,967
Balances with Banks and financial institutions	15,555	-	-	15,555
Deferred sales receivables and other receivables – Net	511,321	322,891	-	834,212
Deferred sales receivables through the statement of income	-	-	-	-
Ijara Muntahia Bittamleek - Net	114,904	614,764	-	729,668
Financial assets at fair value through shareholders' equity – Self	-	-	5,630	5,630
Financial assets at fair value through joint investment – Accounts' holders	-	-	3,239	3,239
Financial assets at amortized cost-Net	18,071	19,293	-	37,364
Investments in real estate	-	-	23,531	23,531
Al-Qard Al-Hasan loans	50,646	1,569	-	52,215
Property and equipment - Net	-	-	15,801	15,801
Intangible assets - Net	244	732	-	976
Right-of-use Assets	1,106	4,524	-	5,630
Deferred tax assets	-		3,183	3,183
Other assets	1,974	38	18,208	20,220
Total Assets	1,509,788	963,811	69,592	2,543,191
Liabilities and Joint Investment Accounts' Holders				
Banks and financial institutions accounts	262	-	-	262
Customers' current and demand account	525,426	195,769	-	721,195
Cash margins	30,640	-	-	30,640
Other provisions	-	-	3,546	3,546
Income tax provision	11,359	-	-	11,359
Deferred tax liability	-	-	296	296
Lease liability	367	4,385	-	4,752
Other liabilities	27,164	-	1,078	28,242
Joint investment accounts	1,415,813	78,403	-	1,494,216
Provision for future expected investment risks	-	-	4,037	4,037
Total Liabilities and Joint Investment Accounts Holders	2,011,031	278,557	8,957	2,298,545
Net	(501,243)	685,254	60,635	244,646

55. Fair Value Measurement

The standard requires determining the level and disclosure of the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value including consideration of factors specific to the asset or liability.

a. The Bank's Fair Value of Financial Assets and Financial Liabilities Measured at Fair Value on a Recurring Basis:

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each financial period. The following table gives information about the method of determining the fair value of such financial assets and financial liabilities (valuation techniques and key inputs).

	Fair Value 31 December					
Financial Assets / Financial Liabilities	2021	2020	Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant unobservable Inputs	Relationship between Unobservable Inputs and Fair Value
	JD	JD				
Financial Assets at Fair Value:						
Financial Assets at Fair Value through Shareholders' Equity - self						
Quoted shares	**5,842,911**	5,629,892	Level 1	Quoted rates in the Financial Markets	Not Applicable	Not Applicable
Financial Assets at fair value through joint investment accounts holder						
Unquoted shares	**3,914,687**	3,239,246	Level 2			
Total	**9,757,598**	8,869,138				

There were no transfers between Level (1) and Level (2) during 2021 and 2020.

b. The Bank's Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value on a Recurring Basis:

Except for what is detailed in the table below, we believe that the carrying amounts of the financial assets and financial liabilities presented in the Bank's financial statements approximate their fair values:

	31 December 2021		31 December 2020		Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial Assets not measured at Fair Value					
Deferred sales receivables	**923,980,243**	**924,010,656**	834,211,567	834,232,952	Level 2
Investments in real estate	**18,988,674**	**22,257,996**	23,531,190	26,420,994	Level 2
Financial assets at amortized cost	**26,732,789**	**26,946,315**	33,470,711	33,777,025	Level 1
Financial assets at amortized cost – unquoted	-	-	3,893,200	3,911,898	Level 2
Total financial assets not measured at fair value	**969,701,706**	**973,214,967**	895,106,668	898,342,869	
Financial Liabilities not measured at Fair Value					
Customers' current and unrestricted accounts	**2,445,066,074**	**2,446,584,695**	2,213,278,991	2,215,722,336	Level 2
Cash margins	**32,368,800**	**32,370,411**	30,631,892	30,640,223	Level 2
Total Financial Liabilities not measured at Fair Value	**2,477,434,874**	**2,478,955,106**	2,243,910,883	2,246,362,559	

Regarding the items shown above, the fair value of the financial assets and liabilities has been determined for Levels (1) and (2) in accordance with the generally accepted pricing models which reflect the credit risk with the parties dealt with.

56. Commitments and Contingent Liabilities (Off – Statement of Financial Position)

Contingent credit commitments:

	31 December	
	2021	2020
	JD	JD
Letters of credit	**32,158,948**	25,980,043
Acceptances	**17,987,918**	6,965,759
Letters of Guarantee:		
Payment	**15,071,558**	16,016,654
Performance	**9,977,616**	13,338,876
Others	**10,550,210**	9,831,821
Unutilized limits – self	**62,774,824**	57,135,958
Unutilized limits – joint	**122,649,846**	134,020,658
Total	**271,170,920**	263,289,769

Total off-balance sheet items according to the internal classification of the bank as of 31 December 2021 is as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Unclassified	**107,512,663**	**15,137,183**	**-**	**122,649,846**	**137,846,033**	**9,739,803**	**935,238**	**148,521,074**	**245,358,696**	**24,876,986**	**935,238**	**271,170,920**	263,289,769
Total	**107,512,663**	**15,137,183**	**-**	**122,649,846**	**137,846,033**	**9,739,803**	**935,238**	**148,521,074**	**245,358,696**	**24,876,986**	**935,238**	**271,170,920**	263,289,769

The movement on the total off-balance sheet items as of 31 December 2021 is as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**116,716,907**	**17,303,751**	**-**	**134,020,658**	**117,218,695**	**11,073,001**	**977,415**	**129,269,111**	**233,935,602**	**28,376,752**	**977,415**	**263,289,769**	259,831,413
New facilities granted during the year	**30,650,342**	**3,674,724**	**-**	**34,325,066**	**86,097,019**	**2,515,780**	**25,815**	**88,638,614**	**116,747,361**	**6,190,504**	**25,815**	**122,963,680**	69,692,523
Settled facilities	**(38,045,569)**	**(7,650,309)**	**-**	**(45,695,878)**	**(61,550,760)**	**(7,380,903)**	**(454,988)**	**(69,386,651)**	**(99,596,329)**	**(15,031,212)**	**(454,988)**	**(115,082,529)**	(66,234,167)
Transferred to stage 1	**4,592,481**	**(4,592,481)**	**-**	**-**	**1,157,293**	**(1,147,593)**	**(9,700)**	**-**	**5,749,774**	**(5,740,074)**	**(9,700)**	**-**	-
Transferred to stage 2	**(6,401,498)**	**6,401,498**	**-**	**-**	**(4,972,166)**	**5,332,564**	**(360,398)**	**-**	**(11,373,664)**	**11,734,062**	**(360,398)**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	**(104,048)**	**(653,046)**	**757,094**	**-**	**(104,048)**	**(653,046)**	**757,094**	**-**	-
Total balance at the end of year	**107,512,663**	**15,137,183**	**-**	**122,649,846**	**137,846,033**	**9,739,803**	**935,238**	**148,521,074**	**245,358,696**	**24,876,986**	**935,238**	**271,170,920**	263,289,769

The movement on the expected credit losses for the total off-balance sheet items as of 31 December 2021 is as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	**253,045**	**91,818**	**-**	**344,863**	**429,683**	**143,158**	**160,244**	**733,085**	**682,728**	**234,976**	**160,244**	**1,077,948**	561,423
Deducted from profits / ECL	**-**	**-**	**-**	**-**	**166,101**	**-**	**11,888**	**177,989**	**166,101**	**-**	**11,888**	**177,989**	298,726
Recoveries from profits / ECL	**(166,152)**	**(46,617)**	**-**	**(212,769)**	**-**	**(65,036)**	**-**	**(65,036)**	**(166,152)**	**(111,653)**	**-**	**(277,805)**	(50,665)
Transferred to stage 1	**43,152**	**(43,152)**	**-**	**-**	**18,704**	**(18,704)**	**-**	**-**	**61,856**	**(61,856)**	**-**	**-**	-
Transferred to stage 2	**(5,863)**	**5,863**	**-**	**-**	**(9,677)**	**80,209**	**(70,532)**	**-**	**(15,540)**	**86,072**	**(70,532)**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	**(53)**	**(89)**	**142**	**-**	**(53)**	**(89)**	**142**	**-**	-
Adjustments during the year	**157**	**112,696**	**-**	**112,853**	**6,943**	**(25,408)**	**18,465**	**-**	**7,100**	**87,288**	**18,465**	**112,853**	268,464
Total balance at the end of year	**124,339**	**120,608**	**-**	**244,947**	**611,701**	**114,130**	**120,207**	**846,038**	**736,040**	**234,738**	**120,207**	**1,090,985**	1,077,948

Off – Statement of Financial Position as internal rating for the Bank – Letters of Guarantee - Self:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	**31,610,387**	**3,053,759**	**935,238**	**35,599,384**	39,187,351
	31,610,387	**3,053,759**	**935,238**	**35,599,384**	39,187,351

The movement on guarantees as at end of year – self is as follows:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**35,520,286**	**2,689,650**	**977,415**	**39,187,351**	39,254,598
Expected credit loss	**10,321,211**	**1,258,030**	**25,815**	**11,605,056**	7,353,983
Recoveries from ECL	**(14,570,329)**	**(167,706)**	**(454,988)**	**(15,193,023)**	(7,421,230)
Transferred to stage 1	**907,021**	**(897,321)**	**(9,700)**	**-**	-
Transferred to stage 2	**(463,754)**	**824,152**	**(360,398)**	**-**	-
Transferred to stage 3	**(104,048)**	**(653,046)**	**757,094**	**-**	-
Total balance as at end of the year	**31,610,387**	**3,053,759**	**935,238**	**35,599,384**	39,187,351

The movement on ECL provision for guarantees as at end of year – self is as follows:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**144,712**	**70,577**	**160,244**	**375,533**	181,402
Expected credit loss	**-**	**-**	**11,888**	**11,888**	154,500
Recoveries from ECL	**-**	**(20,714)**	**-**	**(20,714)**	-
Transferred to stage 1	**18,587**	**(18,587)**	**-**	**-**	-
Transferred to stage 2	**(2,510)**	**73,042**	**(70,532)**	**-**	-
Transferred to stage 3	**(53)**	**(89)**	**142**	**-**	-
Changes resulted from transfer	**(29,968)**	**(26,374)**	**18,465**	**(37,877)**	39,631
Total balance as at end of the year	**130,768**	**77,855**	**120,207**	**328,830**	375,533

Off – Statement of Financial Position as internal rating for the Bank – Letters of credit

	31 December 2021				2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	**32,048,041**	**110,907**	**-**	**32,158,948**	25,980,043
	32,048,041	**110,907**	**-**	**32,158,948**	25,980,043

The movement on Letters of credit as at 31 December – self is as follows:

	31 December 2021				2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**25,804,650**	**175,393**	**-**	**25,980,043**	30,964,960
New exposures during the year	**32,048,041**	**110,907**	**-**	**32,158,948**	7,312,974
Matured exposures	**(25,804,650)**	**(175,393)**	**-**	**(25,980,043)**	(12,297,891)
Transferred to stage 1	**-**	**-**	**-**	**-**	-
Transferred to stage 2	**-**	**-**	**-**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	-
Total balance as at end of the year	**32,048,041**	**110,907**	**-**	**32,158,948**	25,980,043

The movement on ECL provision for Letters of credit as at 31 December – self is as follows:

	31 December 2021				2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**168,952**	**35,607**	**-**	**204,559**	212,368
Expected credit loss	**25,542**	**-**	**-**	**25,542**	19,793
Recoveries from ECL	**-**	**(32,324)**	**-**	**(32,324)**	-
Transferred to stage 1	**-**	**-**	**-**	**-**	-
Transferred to stage 2	**-**	**-**	**-**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	-
Changes resulted from transfer	**-**	**-**	**-**	**-**	(27,602)
Total balance as at end of the year	**194,494**	**3,283**	**-**	**197,777**	204,559

Off – Statement of Financial Position as internal rating for the Bank – Acceptance:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	**17,940,828**	**47,090**	-	**17,987,918**	6,965,759
	17,940,828	**47,090**	-	**17,987,918**	6,965,759

The movement on Acceptance as at end of year – self is as follows:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**6,715,613**	**250,146**	-	**6,965,759**	13,200,009
New exposures during the year	**17,169,792**	**47,090**	-	**17,216,882**	2,821,147
Matured exposures	**(5,944,577)**	**(250,146)**	-	**(6,194,723)**	(9,055,397)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Total balance as at end of the year	**17,940,828**	**47,090**	-	**17,987,918**	6,965,759

The movement on ECL provision for Acceptance as at end of year – self is as follows:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**28,560**	-	-	**28,560**	40,589
Expected credit loss	**122,877**	-	-	**122,877**	-
Recoveries from ECL	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Changes resulted from transfer	**36,911**	**966**	-	**37,877**	(12,029)
Total balance as at end of the year	**188,348**	**966**	-	**189,314**	28,560

Off – Statement of Financial Position as internal rating for the Bank – Indirect limits:

31 December 2021					2020
Item (JD)	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unclassified	**163,759,440**	**21,665,230**	-	**185,424,670**	57,135,958
	163,759,440	**21,665,230**	-	**185,424,670**	57,135,958

Reporting Standard No. 9 and the instructions of the Central Bank of Jordan.

The movement on the direct credit limits as at 31 December 2021 is as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total balance as at beginning of the year	**116,716,907**	**17,303,751**	**-**	**134,020,658**	**49,178,146**	**7,957,812**	**-**	**57,135,958**	**165,895,053**	**25,261,563**	**-**	**191,156,616**	176,411,846
New facilities granted during the year	**30,650,342**	**3,674,724**	**-**	**34,325,066**	**26,557,975**	**1,099,753**	**-**	**27,657,728**	**57,208,317**	**4,774,477**	**-**	**61,982,794**	52,204,419
Settled facilities	**(38,045,569)**	**(7,650,309)**	**-**	**(45,695,878)**	**(15,231,204)**	**(6,787,658)**	**-**	**(22,018,862)**	**(53,276,773)**	**(14,437,967)**	**-**	**(67,714,740)**	(37,459,649)
Transferred to stage 1	**4,592,481**	**(4,592,481)**	**-**	**-**	**250,272**	**(250,272)**	**-**	**-**	**4,842,753**	**(4,842,753)**	**-**	**-**	-
Transferred to stage 2	**(6,401,498)**	**6,401,498**	**-**	**-**	**(4,508,412)**	**4,508,412**	**-**	**-**	**(10,909,910)**	**10,909,910**	**-**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Total balance at the end of year	**107,512,663**	**15,137,183**	**-**	**122,649,846**	**56,246,777**	**6,528,047**	**-**	**62,774,824**	**163,759,440**	**21,665,230**	**-**	**185,424,670**	191,156,616

The movement on expected credit losses for the direct credit limits as at 31 December 2021 is as follows:

	Joint				Self				Total				2020
Item	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at beginning of the year	**253,045**	**91,818**	**-**	**344,863**	**87,459**	**36,974**	**-**	**124,433**	**340,504**	**128,792**	**-**	**469,296**	127,064
Deducted from profits / ECL	**-**	**-**	**-**	**-**	**17,682**	**-**	**-**	**17,682**	**17,682**	**-**	**-**	**17,682**	124,433
Recoveries from profits / ECL	**(166,152)**	**(46,617)**	**-**	**(212,769)**	**-**	**(11,998)**	**-**	**(11,998)**	**(166,152)**	**(58,615)**	**-**	**(224,767)**	(50,665)
Transferred to stage 1	**43,152**	**(43,152)**	**-**	**-**	**117**	**(117)**	**-**	**-**	**43,269**	**(43,269)**	**-**	**-**	-
Transferred to stage 2	**(5,863)**	**5,863**	**-**	**-**	**(7,167)**	**7,167**	**-**	**-**	**(13,030)**	**13,030**	**-**	**-**	-
Transferred to stage 3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Adjustments during the year	**157**	**112,696**	**-**	**112,853**	**-**	**-**	**-**	**-**	**157**	**112,696**	**-**	**112,853**	268,464
Total balance at the end of year	**124,339**	**120,608**	**-**	**244,947**	**98,091**	**32,026**	**-**	**130,117**	**222,430**	**152,634**	**-**	**375,064**	469,296

The provision for expected credit losses for off-balance sheet items for self and joint is within other liabilities (Note 22) in accordance with International Financial

57. Lawsuits against the Bank

The lawsuits filed against the Bank amounted to JD 230,100 with a provision of JD 82,000 as at 31 December 2021 (lawsuits amounting to JD 66,000 with a provision of JD 82,000 as at 31 December 2020). Based on the opinion of the legal consultant, no additional amounts will be claimed from the Bank in respect to those lawsuits.

58. Standards issued but not yet effective

Financial Accounting Standard 1 - Amended 2021 (Public Presentation and Disclosure in Financial Statements)

This Standard defines and improves the comprehensive presentation and disclosure requirements stipulated in line with international best practices and replaces the accounting standard Finance No.1.

The standard applies to all Islamic financial institutions and other institutions that follow the financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No. 1 - Amended 2021 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

This standard will be applied from 1 January 2023, with early application permitted.

Financial Accounting Standard No. 37 "Financial Reporting for Endowment Establishments"

This standard sets out the comprehensive accounting and financial reporting requirements for endowment institutions and similar institutions, including requirements for public presentation and disclosure and special presentation requirements such as yield requirements and basic accounting treatments related to some aspects of endowment institutions.

The principles contained in this standard are consistent with the principles and provisions of Sharia, and this helps to reach a better understanding of the information contained in the general-purpose financial statements and enhances the confidence of stakeholders in endowment institutions.

This standard will be applied as of 1 January 2022, with early application permitted. The newly established endowment foundation must apply this standard since its establishment.

Financial Accounting Standard No. 38 "(Promise), (Option), (Hedging)"

This standard describes the accounting and reporting principles and requirements for (promise), (option), and (hedging) arrangements for Islamic financial institutions. Many products such as Murabaha and Ijara offered by institutions incorporate the implementation of a promise or option in one way or another. An additional promise or option, that aligns with this Standard, is a promise or option associated with a Shariah-compliant arrangement concerning its structure that does not generate any asset or liability unless it turns into an impaired contract or liability.

On the other hand, a promise product or option is a stand-alone arrangement that is Shariah-compliant and is used either as a regular product or, sometimes, for hedging. It may take the form of a single transaction, series, or group of transactions and may transform into a future transaction or series of transactions, in line with Islamic Sharia principles and rules, such transactions emergence to an asset or liability for the parties, for the terms specified in this Standard.

This standard will be applied as of 1 January 2022 with early application permitted.

Financial Accounting Standard No. 39 "Financial Reporting on Zakat"

This standard improves and replaces the previously issued Financial Accounting Standard 9 "Zakat". This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the applicable financial reporting principles based on the obligation of Islamic financial institutions to pay zakat. Additionally, if an Islamic financial institution is not required by law or its founding charter to pay zakat, it must still determine and disclose the amount of zakat due for the benefit of the various stakeholders.

This standard will be applied as of 1 January 2023, with early application permitted.

Financial Accounting Standard No. 40 "Financial Reporting for Islamic Finance Windows"

This standard improves and replaces FAS 18 "Islamic financial services provided by conventional financial institutions" and specifies financial reporting requirements applicable to conventional financial institutions that provide Islamic financial services.

This standard requires traditional financial institutions that provide Islamic financial services through Islamic financing windows to prepare and submit financial statements for Islamic financing windows aligned with the requirements of this standard and other financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This standard provides principles of financial reporting including presentation and disclosure requirements applicable to Islamic finance windows.

This standard will be applied as of 1 January 2024, on the financial statements of Islamic financing windows for conventional financial institutions, allowing the early application, taking into account the simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements".

59. Comparative Figures

Some of the comparative figures of 2020 have been reclassified to correspond to those of 2021.

Agenda of the 21th Ordinary General Assembly Meeting of the Shareholders of Islamic International Arab Bank

7 Sha'ban, 1443
Corresponding to 30 April 2022

1- Address the outcomes of the previous 24th General Assembly Meeting.

2- Attend the Sharia board report for 2021.

3- Address the Board of Directors' Report for 2021 and the Company's business plan for the coming year.

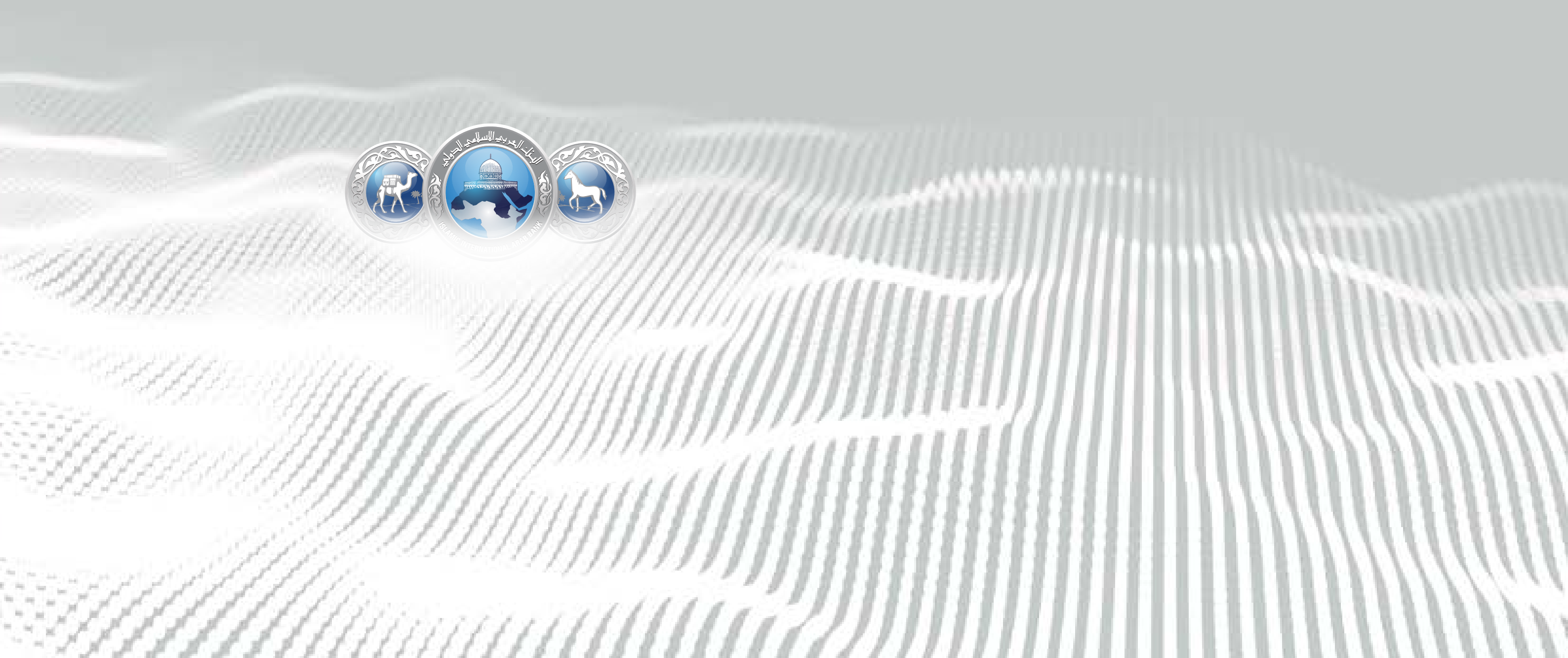
4- Address the Bank's Auditors' Report for the financial year 2021, and the balance sheet for the financial year 2021.

5- Approval of the General Assembly to allocate 40% of the capital as realized dividends .

6- Subrogation and release of the Board of Directors for the year ended on 31/12/2021.

7- Elect the Bank's auditors for the financial year 2022 and determine their fees through the Board of Directors entitlement

8- Any other matters proposed to be discussed by the General Assembly which are within the authority of the Ordinary General Assembly Meeting, provided that such proposal shall have the approval of a number of shareholders representing not less than 10% of the shares represented in the meeting.



Capital's Governorate

- Gardens Branch
- Amman Branch
- Wehdat Branch
- Marka Branch
- Bayader Wadi Seer Branch
- Jabal Hussein Branch
- Jubeiha Branch
- Sweifieh Branch
- Shmeisani Branch
- Yasameen Branch
- Khalda Branch
- Abu Alanda Branch
- North Hashimi Branch
- Istiklal Mall Branch
- Tareq Branch
- Marj Al Hamam Branch
- City Mall Branch
- Madina Munawara Branch
- Abu Nsair Branch
- Huriya Branch
- Al Khalidi Branch
- Izmir Mall Branch
- Mecca Plaza Branch
- Jabal Al-Naser Branch
- Areefa Mall Branch

Central Governorates

- Zarka Branch
- Zarka University Branch
- Ruseifa Branch
- New Zarka Branch
- Rusaifa-Jabal Shamli Branch
- Madaba Branch
- Salt Branch
- Dair Alla Branch

North Governorates

- Irbid Branch
- Irbid Hashmi St. Branch
- Al Qaselah Branch
- Arabella Mall Branch
- Mafraq Branch
- Ajloun Branch
- Jerash Branch

South Governorates

- Aqaba Branch
- Karak Branch
- Mu'ta Branch
- Tafileh Branch
- Ma'an Branch

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Customer Service: 06/5003300 or Toll Free: 080022224

Location of ATMs Network Outside the Bank's Branches

ATM List (Amman):

Government entities:

- **Jordan Customs –** Al Abdali –King Hussein Street
- **Greater Amman Municipality - Greater Amman Municipality Building –** Ras El Ain
- **Supreme Judgement Department -** Tla'a Al Ali – Musa Al Saket Street
- **Ministry of Awqaf and Islamic Affairs –** Al Abdali – Al Razi Street
- **Al Ifta'a Office -** Al Ordon Street
- **The Royal Court – The Royal Court -** Raghdan

Hospitals and pharmacies

- **Orange Pharmacy –** Al Dakhilyeh Circle - Khaled Bin Al Waleed Street
- **Ibn Al Nafees Pharmacy –** Al Ashrafiyeh – Osama Bin Yazeed Street
- **Al Istishari Hospital –** Zahran – Wadi Zaqra – Al Kindi Street
- **Al Hussein Cancer Center –** Queen Rania Street (Next to University of Jordan)
- **Rawhi Pharmacy –** Khalda
- **Jordan Finland Modern Hospital -** Arjan – Al Dakhilyeh Circle

Malls and Commerical complexes

- **Haidar Murad Complex –** Leaders Center – King Abdullah II Street
- **Mecca Mall –** Mecca Mall – ATM Area
- **Abu Saha'era Complex –** Jabal Al Nasr – Al Nadi Street
- **Rawan Cake –** Queen Rania Street
- **Abu Hassan Complex –** Abu Alanda – Al Mahkama Street
- **Al Daoud Complex –** Daheit Al Rasheed – Al Wifaq Street
- **Emirates Complex –** Yadoudeh – Madaba Street
- **Aswaq Abu Odeh –** Marj Al Hamam – Princess Taghreed Street
- **Plaza Complex –** Mecca Street
- **Al Luweibdeh-** Sharia College St.

Service providers

- **Islamic Science University –** Tabarbour – Prince Nayef Bin Asem Street
- **Professional Associations Complex –** Al Shmeisani – Abdul Hameed Sharaf Street
- **Abu Sheikha –** Al Wehdat – Madaba Street
- **Abu Sheikha –** Al Abdali – Suleiman Al Nabulsi Street
- **King Hussein** Business Park – Al Sha'ab Street
- **Abu Sheikha –** Gardens Street
- **Abu Sheikha –** Tabarbour – Al Shaheed Street

Gas stations

- **Total Station –** Mecca Street
- **Go Gas Station –** Al Shmeisani – Shaker Bin Zaid
- **Total Station –** Al Muqabalin – Al Quds Street
- **Total Station –** Al Jubeiha – Queen Rania Street
- **Total Station –** Wadi Saqra
- **Total Station –** Al Abdali
- **Al Manaseer Station –** Airport Road
- **Al Subuh Station**

ATM List (Governates):

North District

- **Irbid**
- **Total Station –** Hakma
- **Beit Yafa Municipality**
- **Mafraq**
- Al Hussein Bin Ali Street
- **Jarash**
- **Nabe' Al Fawar Pharmacy –**Souf
- **Ajloun**
- Ibbin

Middle District

- **Balqaa**
- **Ain Al Basha Municipality**
- **Total Station-** Salt
- **Al Idafa Pharmacy-** Salt
- **Zarqa**
- **Al Zarqa for Education Crop.**
- **Total Station –** New Zarqa – Al Jeish Street
- **Zarqaa Schools –** King Abdullah Bin AbdelAzeez

South District

- **Karak**
- Al Marj
- **Maan**
- **Military Consumer Establishment** (Souq Al Wafa'a)
- **Tafila**
- **Tafila Technical University**
- **Municipality of Tafila**
- **Total Station-** Al Baydaa
- **Aqaba**
- **Aqaba Gate Complex**
- **Shwiekh Mall**

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